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On Both Sides of Berlin Wall, Germans Speed Rush to Unity



Three Vietnamese slipping through a hole in the Berlin Wall near Brandenburg Gate on their way out of East Germany on Sunday.

By Marc Fisher
Washington Post Service
BERLIN — On Monday night, East German work crews will tear down the Berlin Wall in front of the historic Brandenburg Gate. No fence will replace it. For the first time since 1961, Berliners will be able to walk between the two halves of their divided city without showing documents to border guards, who will still man other crossing points.

During the weekend, under tight security and as quickly as possible, West Germany's treasury was printing 36 billion marks (\$23 billion) in bills and minting 3 billion marks in coins, preparing a new currency for the final phase of a dying East Germany.

The next Germany, to be united for the first time since the World War II allies defeated, demolished and divided the Nazis' Third Reich, is forming with a speed that no one anticipated from the ruins of East German communism and the economic prowess of democratic West Germany.

The easy part of unification has happened already: Families divided for decades may now spend weekends and holidays together, read the same newspapers, even vote for parties of the same name in their respective countries.

The rest of the road to unity is precarious.

There are practical problems: How do you merge a pacemaker in modern communications, fast trains and high technology with a country where many people still do not have phones or cars and where the photocopy or fax machine has not yet replaced handwritten copies? How do you clean up a country that gets its power solely from polluting brown coal and frighteningly substantial nuclear plants?

There are emotional problems: East Germans may have despised their Stalinist rulers, but they have grown dependent on a vast network of virtually free social benefits — housing, medical care, job training. What will happen to them now?

There are legal problems: Who really owns East Germany now? Take away the Communist government, which ruled almost 40 years, and suddenly the past takes new meaning. West German people and companies are already claiming land in the east taken from them after the war. So are Jews from around the world, whose belongings were stolen by the Nazis in the eastern part of the country during the war.

Huge portions of both Germanys have remained in the hands of the four victorious Allied nations, in the form of military bases, air-space and vast territories reserved for military exercises. How will Allied-controlled property revert to German hands? How soon will the West German airline, Lufthansa, be allowed to fly to Berlin, the once



In the Japanese elections for a new parliament on Sunday, a Tokyo woman cast her ballot under the gaze of the next voter.

Sharon Resigns to Thwart Peace Talks

By Jackson Diehl
Washington Post Service
JERUSALEM — Trade Minister Ariel Sharon, resigned Sunday, saying that he would campaign to block peace talks by Prime Minister Yitzhak Rabin toward Israeli-Palestinian negotiations.

Mr. Sharon, who served in the cabinet for 13 years, made official a move he announced last week in a Likud party central committee meeting that ended in a shouting match with Mr. Rabin. The two have been competing for party control with increasing intensity over the last year.

On Sunday, Mr. Sharon said he was resigning because the current peace process represented the greatest danger to Israel in years. To thwart Mr. Rabin, "I'm going to start a long march from town to town, from place to place, in Israel

and abroad," he said. "I'm going to convince."

Israeli analysts said the move was the start of a bid by Mr. Sharon to assume leadership of those opposing any move by Israel to loosen its hold on the occupied territories.

An official close to the left Labor Party said the campaign could make it difficult for Mr. Sharon to assume leadership of those opposing any move by Israel to loosen its hold on the occupied territories.

But Mr. Sharon's allies maintained that the Sharon resignation had strengthened the prime minister both in the government and the party. "Sharon has conducted a war of attrition against Rabin from inside the government," a Sharon aide said. "Now he'll have to do it outside, all alone."

Sharon faces crucial decisions about a peace process based on his own proposal that Palestinians in the occupied West Bank and Gaza Strip elect representatives to negotiate with Israel about self-rule and, eventually, a peace settlement.

After months of bargaining, the United States, Egypt and the PLO, as well as the Labor partners in Mr. Sharon's coalition government, are near a consensus on how to stage preliminary Israeli-Palestinian talks in Cairo.

Mr. Sharon has resisted previous formulas for the such talks because they have given an indirect role to the PLO. Aides say that he also dislikes elements of the latest framework, which calls for the Palestinian delegation in Cairo to include activists previously deported by Israel from the occupied territories as well as residents of East Jerusalem.

But Mr. Sharon cannot easily reject the new scenario without risking a new crisis in the governing coalition and in Israel's relations with the United States.

Mr. Sharon, 61, whose last five years in the cabinet did little to change his image to Israelis as the man who led the country into the 1982 invasion of Lebanon, said Sunday that he would argue in his campaign that the peace process was a mistake because it opened the way to negotiations over the status of Jerusalem.

He also said he would expel prominent Palestinian leaders now living in East Jerusalem such as Faisal Husseini, Sari Nusseibeh and Rached Abu Ayyash, whom he accused of fomenting anti-Israeli violence.

Japanese Keep LDP In Power

But Sharp Losses Cut Party's Edge In the Parliament

By Patrick L. Smith
International Herald Tribune

TOKYO — The Liberal Democratic Party appeared certain to maintain its 35-year hold on power in the national elections on Sunday, although its legislative majority will be dramatically reduced, according to partial returns available late in the day.

A victory by the conservative Liberal Democrats means there will be no immediate or dramatic changes in Japan's foreign or domestic policies, political analysts and party officials said. But the party will have substantially less latitude in its exercise of power than it has enjoyed in the past, they added.

With 431 contests decided, the Liberal Democrats had won 240 of the 512 seats in the law-making lower house, to the opposition's 191.

But the Japan Socialist Party, the Liberal Democrats' main political rival, dramatically increased its presence in the lower house, as it did in the upper house eight months ago.

Votes for 81 seats in Tokyo and two heavily populated suburban prefectures, Kanagawa and Saitama, are to be tabulated and reported Monday. Although urban districts are not among the governing party's traditional strongholds, the Liberal Democrats are expected to take 30 seats or more, pushing it well over the 257 seats required to keep its majority.

The election followed two years of political turmoil stemming from unpopular policies put into effect by the Liberal Democrats and financial scandals involving most of the party's senior leaders, as well as sex scandals.

Last year the Liberal Democrats lost their majority in the upper house of the Diet, Japan's parliament, for the first time since a Socialist-led coalition rode a wave of resentment over the scandal and a newly enacted sales tax. Voters were also unhappy about a farm policy that many viewed as kowtowing to U.S. market-opening pressure.

Based on the strength of the Liberal Democrats' lead, financial analysts said they expected the election results favorably, at least in the short term. Foreign exchange and share activity was thin last week, in part reflecting investor concern about the government's stability.

The Liberal Democrats were headed for a victory that would free it from relying on independent conservatives or minor parties for support. At the same time, it appeared unlikely that the party would approach the 295 seats it held before the elections.

The Socialists increased their lower-house seats from 85 to 114 in elections four years ago to 114. Several minor parties lost heavily, including two from which the Liberal Democrats have normally drawn support.

[Prime Minister Toshiki Kaifu, who took office in August after the resignations of two leaders over financial scandals and election losses, virtually claimed a Liberal Democratic Party victory, Agence France-Press reported. "I thank the voters for drumming up support for the LDP," he said.]

[The Socialist Party leader, Takako Doi, said her party should have led a stronger campaign. "We're extremely sorry that we

A Bonn Split Shapes Up Over Basing of Troops

Compiled by Our Staff From Dispatches

BONN — A split has emerged between West Germany's foreign and defense ministers over whether German troops should be based in present-day East Germany after the two states reunite.

Sources close to Foreign Minister Hans-Dietrich Genscher told Reuters on Sunday that he was disappointed at the implication Defense Minister Gerhard Stolteberg that German troops might be stationed on what is now East German territory.

The British press reported that while a unified Germany was inevitable, steps were needed to make the rest of Europe feel secure.

The U.S. secretary of state, James A. Baker 3d, and Manfred Wörner, the NATO secretary-general, said the Soviet Union may ultimately accept full NATO membership for a reunified Germany because it would provide stability that is in Moscow's own interests.

Defense Minister Stolteberg said Friday that while no NATO troops should be stationed on former East German territory, it had yet to be decided whether German troops outside the framework of the Western alliance might be based there.

Foreign Minister Genscher said

Saturday that no German troops should be deployed in the eastern part of the new state after reunification.

He noted that NATO, intent on calming Soviet security fears, had agreed not to expand eastward in a reunified Germany.

"And you cannot get around this by saying German armed forces are stationed in East Germany but NATO, its role shifting, is emerging as a potential watchdog over a reunified Germany," Page 5.

Mr. Stolteberg said that NATO should guarantee protection for all German citizens.

Mr. Genscher has said this can be achieved through East-West security pacts.

He said that to press for German troops to be stationed next to Poland would complicate negotiations with the four World War II Allied powers on the security status of a unified Germany. Both East Germany and Poland are members of the Warsaw Pact, the East European military alliance.

The Soviet Union has accepted that German unification is inevitable.

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"Gorbachev is to blame," added his 13-year-old schoolmate, a soft-spoken girl named Rukhshiz. Teachers and children murmured their agreement. As if reciting a lesson, she added: "It will not happen again. The blood of the victims will not remain on the earth. Those who did it will pay for it."

The acute mourning is over and a veneer of normalcy prevails in Baku, which was reopened to foreign reporters two weeks ago for the first time since mid-January. Stores are open. Buses are running. The soldiers who occupy the city keep a low profile.

But since the taking of Baku, a resent-

ful loathing of Moscow and of President Mikhail S. Gorbachev has penetrated the culture of Azerbaijan, completing the alienation of this once docile colony.

Moscow says the soldiers were sent into Baku on the morning of Jan. 20 to prevent the violent overthrow of the local authorities and a fresh outbreak of violence against ethnic minorities in the city.

About 60 Armenians had been killed in pogroms that broke out a week earlier in Baku.

The violence was the latest spasm in two years of hostility between the Islamic Azerbaijanis and their Christian Armenian neighbors, an ancient feud revived by a bitter territorial conflict.

In Baku, everyone from shop clerks to

government officials insists that Moscow dispatched soldiers because the Kremlin could not abide Azerbaijan's demands for greater independence.

They say the ethnic violence was provoked and the specter of an armed uprising was fabricated to justify the use of force.

Moscow's anti-Azerbaijani prejudice, Mr. Gorbachev's duplicity, the imperial nature of communism, the sly intrigues and insolent territorial demands of neighboring Armenia — these are now the daily themes in classrooms where children once memorized the doctrines of their loving Grandpa Lenin.

"I do not believe in the party any longer," declared Niyar Nezarova, 16,

the leader of her 11th-grade Communist Youth League at Baku School No. 83.

"Nobody does," her classmates say, chiming in.

"The party cannot lead our people," the girl continued, her light brown eyes blazing with the fervor of a convert. "The party led us to this tragedy."

An inattentive tourist could visit Baku without realizing it is a city under armed occupation, a city recently touched by great violence.

By day, the 17,000 troops assigned to enforce the state of emergency keep largely to the outskirts or to their tempo-

See SOVIET, Page 5

See JAPAN, Page 5

Kiosk

Free Lithuania Is Seen in '90

VILNIUS, U.S.S.R. (Reuters) — A member of the Lithuanian Communist Party leadership predicted Sunday that the Baltic republic would pull out of the Soviet Union before the end of the year.

Romualdas Ozalas said he believed that the new Lithuanian Supreme Soviet to be elected on Saturday would announce a return to the republic's previous independence. "It will happen this year without question," he said.

Sihanouk to Meet Hun Sen in Bangkok

PHNOM PENH (NYT) — Prime Minister Hun Sen and the Cambodian opposition leader, Prince Norodom Sihanouk, will meet in Bangkok before new talks on a Cambodia settlement, which are to begin in Jakarta on Feb. 26, government officials and Senator Charles Robb, Democrat of Virginia, said Sunday.

The Cambodian officials said Mr. Hun Sen was likely to repeat an offer that Prince Sihanouk break with his partners in the opposition, the Khmer Rouge guerrillas, and return to Cambodia as the country's president and commander in chief.

Monday GSA

Ann McLaughlin, head of a U.S. commission on airline terrorism, urges diversity in security techniques. Page 2.

Business/Finance

U.S. tax authorities are scrutinizing many U.S. subsidiaries of Japanese firms. Page 7.

Classifieds

Page 11.

As the Dust Settles in Baku, Resentment of Gorbachev Rises

By Bill Keller
New York Times Service

BAKU, U.S.S.R. — Four weeks after Soviet troops swarmed into this seaside city to suppress a nationalist uprising, the most popular excursion for classes at local schools is the hilltop park where the city has buried its dead.

Each day, the schoolchildren come by the busload from around Azerbaijan to study the graves heaped with red carnations, to honor those who died under Soviet tanks and gunfire and to absorb new lessons about their country.

"The soldiers came and killed them," said Ali, a 10-year-old boy from School No. 27 in the nearby industrial center of Sumgait. "They wanted our Azerbaijanis

to die. Because they said we were saying."

"Gorbachev is to blame," added his 13-year-old schoolmate, a soft-spoken girl named Rukhshiz. Teachers and children murmured their agreement. As if reciting a lesson, she added: "It will not happen again. The blood of the victims will not remain on the earth. Those who did it will pay for it."

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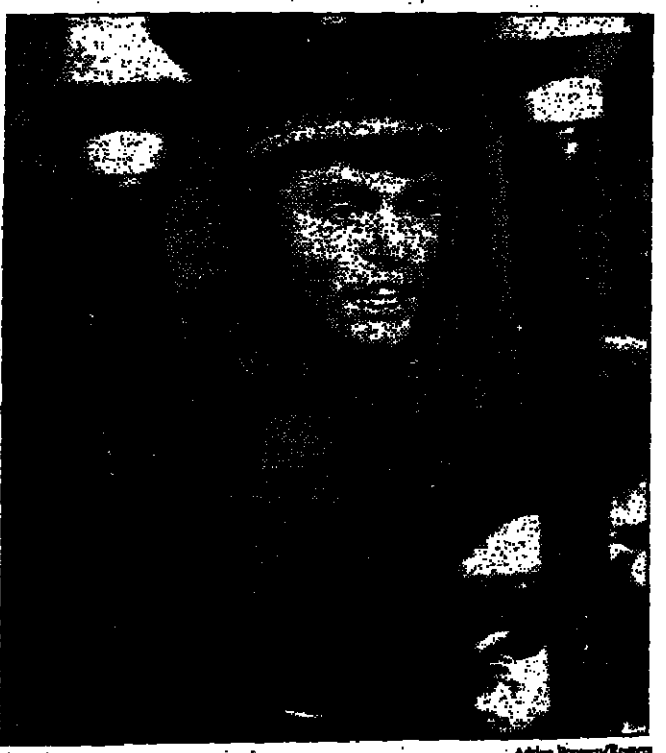
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See SOVIET, Page 5

See JAPAN, Page 5

Romanian Protesters Seize Official



Compiled by Our Staff From Dispatches

BUCHAREST — Several hundred demonstrators invaded the headquarters of Romania's provisional government on Sunday and held Deputy Prime Minister Gheorghe Voican hostage for several hours.

Accusing the ruling National Salvation Front of emulating Nicolae Ceausescu, who was executed in December, demonstrators smashed their way into the Foreign Ministry building, burned a flag and hurled books to the crowd below.

Mr. Voican was grabbed on the balcony by protesters as he tried to calm them and was dragged away and held for several hours in his office before troops moved in to restore order.

"These are not the people who carried out the revolution, it's a disordered group," Mr. Voican declared as the troops ushered the protesters out of the building.

"Their objectives were not clear," he said. "It seems that the hate for Ceausescu has been transferred to the National Salvation Front."

Mr. Voican is the effective num-

A Catalyst for Change Dies With Drexel

By Sarah Bartlett
New York Times Service

NEW YORK — With the demise last week of Drexel Burnham Lambert Inc., a collective sigh of relief is sweeping the boardrooms of corporate America.

The collapse of the Wall Street firm, which created the high-risk, high-yield "junk bond," is seen as the most convincing evidence yet that the financial fuel for corporate raiders and hostile takeovers is drying up. Now, many executives are looking forward to running their companies without the constant threat of being disrupted by outside intruders.

"I think the collapse of financially motivated transactions and the inability to do highly leveraged takeovers is very beneficial for the country," said Martin Lipton, a top lawyer at Wachtell, Lipton, Rosen & Katz, who frequently defends companies from takeover threats.

But in other quarters, namely in the offices of large institutional stockholders, Drexel's bankruptcy filing last week is not being greeted quite so warmly. Many see the firm's disappearance as another sign that the pressures that have kept American business on its toes in the 1980s are on the wane.

Unless other catalysts for change emerge to replace those debt-financed raiders, the argument goes, corporate America could slack off

again, further damaging its global competitive position.

"I think you will see it get fat and lazy," said Paul F. Quirk, who oversees pension-fund investments of Massachusetts' public employees.

Wall Street executives and academics said

There is a fear in some quarters that without the threat of debt-financed raiders, corporate America could slack off.

the sources of pressure in the future are likely to be much more diffuse.

Corporations could be held accountable by more aggressive outside directors, by more active institutional stockholders like pension and mutual funds and by Wall Street firms like Coniston Partners and the Lodestar Group, which buy equity stakes in companies and try to prod them into restructuring.

"There'll be an increase in proxy fights and institutional activism and an increase in the pools of capital that will take positions where they are not invited," said Ali E. Wambold, a founder of a fund set up by Lazard Freres &

Co. to take minority positions in companies.

"Underutilized assets are not going to be left sitting around."

Few dispute, however, that for the moment the pendulum has swung back in favor of those who sit in the executive suite.

Many of the raiders who once struck terror in the hearts of chief executives are on the sidelines, trying to run the companies they acquired with the help of junk bonds.

Carl C. Icahn is busy managing Trans World Airlines, Ronald O. Perleman is tied up with the Revlon Group, and Asher B. Edelman is struggling to keep control of Dataquest Corp., a San Antonio-based computer company.

The few raiders who remain active, like Harold C. Simmons of Dallas and the Belzberg family in Canada, are likely to have a much harder time finding financial backing for their efforts.

They have long relied upon Drexel to sell high-yield bonds to finance their unsolicited corporate raids. But the market for those high-risk securities has been in turmoil for the past six months, as some big issuers like Campeau Corp. collapsed under the weight of too much debt.

This year, only five companies have managed to issue junk bonds in the public market,

See DREXEL, Page 11

A paratrooper trying to maintain order Sunday in Bucharest.

Is Bush on a Roll, Or Is It Just Luck?

President Enjoys String of Successes During a Spectacular Few Months

By R.W. Apple Jr.

WASHINGTON — No doubt about it, it has been a spectacular few months for George Bush.

Count the successes: an invasion of Panama that succeeded in deposing the country's dictator, Manuel Antonio Noriega, without protracted hostilities and with relatively minor damage to U.S. relations with the rest of Latin America; a deal with the Soviet Union on troop levels in Europe; an agreement on how to manage the reunification of Germany.

People in Washington, stunned by the cyclonic rate of change, are asking themselves whether Mr. Bush deserves the credit for all this, or whether he has just been extremely lucky.

If the U.S. arms buildup over the last decade helped to weaken the Soviet Union, by prompting it to spend more on weapons than it could afford—and some reputable experts believe that is the case—then Mr. Bush is entitled to take some credit, as a long-term backer of the military buildup.

If Western successes in the last few years helped to weaken South Africa, prompting it to rethink its policies and release Nelson Mandela after 27 years of imprisonment, then Mr. Bush does not have credit coming, since he opposed the imposition of sanctions.

In a larger sense, he has had the good fortune to sit in the Oval Office when communism and apartheid approached the end of the line.

He and the world had the good fortune that Mikhail S. Gorbachev and Frederick W. de Klerk held power in Moscow and Pretoria when that became clear, and not leaders who were ready to put their countries (or their parts of the world) through bloodbaths just to preserve the status quo for a few more months or years.

None of that was within the control of Mr. Bush. But he seems to have managed things along in the right direction.

Attacked from time to time as too passive—the columnist George F. Will wrote a few weeks ago of the administration's “intellectual and moral flaccidity”—the president has in fact alternated between two modes of behavior.

Most of the time, he has let the dramatic saga of Eastern Europe run its course, and because the stream of history has been flowing in his direction, that policy has proved to be successful.

At irregular intervals, however, he has intervened to shape haphazard developments.

His speech to the North Atlantic Treaty Organization last year in Brussels was one such moment.

So was the Malta summit meeting in December, at which he went beyond expectations to make a series of economic and arms proposals.

NEWS ANALYSIS

els, and so was his proposal in his State of the Union address to cut troop levels in Europe.

In each case, Mr. Bush confounded his critics, and the American public, whom he had led to believe that something different was coming.

He has not tried to take charge of events, leaving that central role to Mr. Gorbachev and to the restive peoples east of the Rhine.

But he has worked effectively, in the view of most dispassionate observers, toward a more integrated, much less heavily armed Europe, toward a unified Germany with close ties to the West and toward keeping Mr. Gorbachev and his reformers in power.

None of this has been articulated well. Mr. Bush lacks, or lacks the ability to project, a real sense of history and its great turning points.

The president generally has spoken about the events transforming Europe in the most perfunctory terms and has seemed to sense no need to prepare Americans for the new world that is aborning.

And he has often seemed to lack any broad policy framework.

His inexistence on increased funds for the Strategic Defense Initiative, at a moment when no strategic offensive threats are discernible on the horizon; his insistence on sending high-level envoys to the repressive leaders in Beijing, while praising the overthrow of repressive leaders elsewhere; and his seeming inability to settle on one or two major domestic problems on which to concentrate limited federal funds, while promising to do exactly that—all of those things leave a fuzzy image.

This seems to bother most Americans not at all, perhaps because they had enough of ideology and policy consistency with Mr. Bush's predecessor, Ronald Reagan.

The American public seems to look for and enjoy presidents who lack the perceived flavor of their predecessors—for a while.

Opinion polls suggest that Mr. Bush has benefited from having honest people around him, from having a wife who isn't a movie star and doesn't act like one, from his accessibility, as well as from his lack of dogmatism.

'Eminent' Washington Anxiously Eyes Its Receding Dateline

By David S. Broder

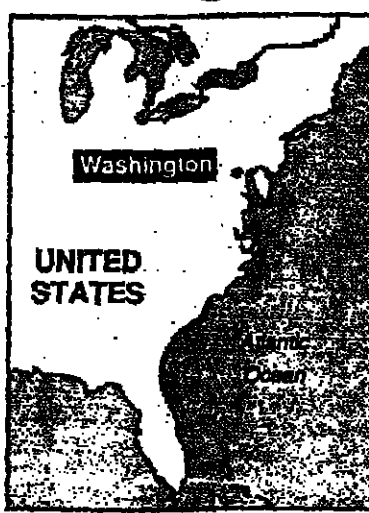
Washington Post Service

WASHINGTON — Seven years ago, when Riggs National Bank began promoting itself as the No. 1 financial institution in “the most important city in the world,” few Washingtonians snickered or suggested that this designation of their town was undesired.

Today, after a year in which the spotlight of public attention has swung from Warsaw to Beijing to Berlin to Prague to Budapest and most recently to Johannesburg, with frequent stops in Moscow and only an occasional glance at the Potomac, Washington's claim to the title may look as dated as Mike Tyson's heavyweight crown.

“This city,” said the television newsman David Brinkley, a longtime Washingtonian, “is nowhere near as important as it thinks it is.”

If Mr. Brinkley's electronic world is any guide, Washington has slipped—and slipped badly. Of the 330 minutes of actual news on the three major network evening newscasts Monday through Friday last week, Washington stories totaled less than 44 minutes. And that's a generous reckoning, including, for example,



Losing its place on the map?

Defense Secretary Dick Cheney's visit to the Far East. It also includes the heavy coverage of the indictment of Washington's mayor, Marion S. Barry Jr.—hardly the kind of story that enhances the city's stature.

Arthur M. Schlesinger Jr., the historian and Kennedy White House aide, pinpointed two changes that he and many others said accounted for the eclipse of Washington. “The age of the superpower has come to an end,” he said, “so military power does not translate to influence, as it once did. And second, despite our wealth, we represent ourselves as poor, or refuse to mobilize our resources, so we circumscribe ourselves.”

Some qualified observers dismiss all this as a temporary phenomenon. “So much has been going on in the world in the last six months,” said Richard Helms, former Central Intelligence Agency director, that “no domestic stories can make it, except the Trumps' divorce.”

Melvin R. Laird, former defense secretary and Wisconsin representative, argued that “if we seem to be mere spectators to the epochal events in Europe, it's because of what we did here over the last 40 years” to help “those once battered and subjugated nations reach the point they can make decisions for themselves.”

“As we look down the road,” Mr. Helms mused, “we can certainly see indications that Washington will not be the

center of the universe, as it was since World War II. It will still be important, but in a world as disorderly as this one, we're going to have a hard time influencing things.”

In the view of Clark M. Clifford, a White House aide under Harry S. Truman and defense secretary under Lyndon B. Johnson, Washington's loss of influence has been steep and palpable.

“This isn't a blip on the screen,” the veteran Washington lawyer said of the capital's seeming slip into semiobscurity. “There was a steady, long, praiseworthy rise to eminence in the world almost unbroken since Rome ruled and Greece had its turn,” he said, adding, “now we are in decline.”

In the days of the Truman Doctrine, the Marshall Plan and the creation of the North Atlantic Treaty Organization, Mr. Clifford said, “we saved the world, and Washington became the capital of the world.”

Partisan Democrat though he is, Mr. Clifford is willing to say that Washington was still playing that role when Richard Nixon signed the first arms-control agreement with the Soviet Union and opened the dialogue with China.

Since then, he said, “we have frittered it away,” largely through the economic policies of the 1980s.

Some staunch Republicans share that view. Silvio O. Conte of Massachusetts, a representative for 31 years, recalled his arrival in Congress.

“I was working with the White House on foreign aid,” he said. “If some problem popped up in the world, it would be nothing to appropriate 30 or 40 million to take care of it. Now we can't do it. Poland, the Philippines, Panama—they all want our help, and they're all important, but we can't do it.”

“We're carrying this huge deficit, and we've become the world's debtor, and that means we've lost control of our own destiny,” he said.

Charles E. Bennett, Democrat of Florida, has been in Congress more than 40 years. He agreed that “we bankrupted the country for the sake of the rich with the 1981 tax bill” and said Congress was “too pusillanimous” to correct the error. But, countering the darker views of Washington's status, he said, “America is still the best-hearted, most generous nation, so it's the center of the world.”

A Record Spill Is Old Hat in Snowy Valdez

Receives

VALDEZ, Alaska — The world's snowiest city has broken its own record as snow continued to fall.

Federal weather authorities said over the weekend that 396.2 inches (10.06 meters) of snow had fallen this winter on the mountain-ringed city of 3,500 people on Prince William Sound. With two months of Alaska's winter to go, that easily beat the previous Valdez record of 384.7, set in 1987.

The ideal snow conditions in Valdez—best known for its proximity to a March 1989 super-tanker oil spill, the worst in U.S. history—stem from its lying between the world's highest coastal mountains and warm ocean currents.



IS THAT ALL THERE IS? — Judy Higgenbottom surveying the remains of her family's trailer after a tornado struck Chilton County in Alabama and destroyed a dozen residences. The president approved disaster aid for six Alabama counties.

In AIDS Testing, Many U.S. Hospitals Violate Patients' Rights, Study Finds

By Philip J. Hilts

New York Times Service

WASHINGTON — Many U.S. hospitals fail to get patients' consent before performing AIDS tests, do not counsel them adequately about the results and lack proper safeguards to ensure confidentiality, a survey has found.

At 3 percent to 4 percent of the hospitals, the survey found, patients are never or only sometimes informed when they are found to be infected, so they may unwittingly infect others after leaving the facility.

“The policies in place among hospitals in this national sample do not provide adequate protection of patients' rights,” concluded the report, sponsored by the Robert Wood Johnson Foundation and the University of California at Los Angeles.

The authors suggested that every patient entering a hospital ask if he or she will be tested for AIDS in

section and what will happen to the results.

The research, which covered 560 randomly selected nongovernment hospitals, is the first large study on AIDS policies in U.S. hospitals.

Howard Freeman, a UCLA sociologist and one of the report's four authors, said the results were troubling because they showed that many hospitals did not follow recommendations made three years ago by the U.S. Centers for Disease Control.

Guidelines of the government and the American Hospital Association call for explaining the test to patients and getting their consent for it; counseling them before testing and afterward, if the result is positive, and making every effort to keep the results confidential.

The federal government does not enforce the guidelines, but some states have laws and can prosecute hospitals that violate them.

Mr. Freeman said that 40 per-

cent of the hospitals surveyed never or only sometimes counsel patients before testing, informed consent is often not obtained from patients, and testing is conducted without the knowledge of patients in some hospitals. In 25 percent of the hospitals, those whose tests are negative for the virus are never told.

Two-thirds of the hospitals indicate AIDS infection on patient charts despite the federal guidelines on confidentiality.

Many hospitals routinely test for AIDS, partly to protect staff members from accidental infection and partly to help prevent the spread of the disease by informing patients who are infected.

Twenty percent of the hospitals in the survey reported at least one instance of a staff member's refusing to treat patients infected with the AIDS virus, and about 25 percent of the hospitals immediately transfer patients to other facilities if they are found to be infected.

U.S. Medical Profession Demoralized by Change

Autonomy and Prestige Are Eroded

By Lawrence K. Altman

and Elisabeth Rosenthal

New York Times Service

NEW YORK — Changes in American medical practice have shattered the profession, leaving many doctors deeply demoralized.

In the last quarter-century, and especially in the last 10 years, doctors have seen their autonomy eroded, their future earnings potential jeopardized, their prestige reduced and their competence challenged by everyone from oversight boards to hostile, litigious patients.

The image of the dedicated physician tolling long hours for the good of his patients is fading fast, replaced by salaried doctors who work 9 to 5.

Doctors who finished training as late as 1980 look at the field of medicine and say they do not recognize the landscape. “My father was a pediatrician, and I grew up surrounded by doctors who always seemed to be satisfied, loved medicine and were appreciated by their patients,” said Dr. Scott Fox, who practices ear, nose and throat surgery in Massachusetts.

He is president of the Barnstable County Medical Society, but in six months he will put down his stethoscope and enter law school. “Two years ago, just before my father died, he encouraged me to apply,” Dr. Fox said. “As we talked, we realized the medicine he and I had cherished was finally dead.”

The degree of dissatisfaction among doctors is astonishingly high for a profession typically regarded as one of the most important and best paid in the United States.

A survey by Gallup for the American Medical Association last year found that almost 40 percent of the doctors interviewed said that based on what they now knew they would definitely or probably not enter medical school if they had a career choice to make.

Many who study the profession believe that doctors brought the changes on themselves, said Professor Uwe Reinhardt of Princeton, an expert in health care economics. “Physicians have lived like kids in a candy store,” he said. “We, the payers, want the key back.”

Young Americans pondering career choices apparently have their own reservations—applications to medical school have dropped 25 percent over the last five years.

When American Medical News asked doctors last year to describe how their practices had changed in the 1980s, the association newspe-

per said that “the question struck a nerve.”

“Dozens of physicians responded with lengthy, heartfelt reflections, many of them expressing frustration with the changes in their profession.”

Few doctors are so dissatisfied they are leaving the profession; in fact, the number of doctors has increased faster than the population. But there are many signs that medicine is changing and beginning to lose its appeal.

The days are long gone when a doctor alone decided on treatment and set fees that patients paid out of their own pockets. Today, according to the association, 79 percent of the average physician's payments come from federal and private health insurance programs, which are demanding increasing accountability from doctors.

Today, most young doctors favor working in group practices or health maintenance organizations that provide comprehensive care for a flat fee.

As the number of doctors has increased, an intense competition has resulted in some areas, both for patients and hospital privileges.

Physicians remain highly paid, but incomes are leveling off in some specialties, and the Association of American Medical Colleges now warns all applicants for medical school, “Physicians need to lower their income targets and their expectations for autonomy and independent decision making.”

In five years, there has been a drop of 5,000 in the number of applicants for medical school.

Medicine is heading toward a demographic revolution, in which the traditional dominance of white male doctors is yielding to an influx of women and minority members that could radically change how medicine is practiced.

Women, for example, are often more interested in the specialties that treat the primary medical needs of patients, and they have lower income expectations than in highly paid specialties like surgery.

Complaints from doctors draw scant sympathy from government leaders and private organizations trying to slow the rise in medical costs, which are largely determined by physicians' decisions.

With health care accounting for about 12 percent of the gross national product—about twice what it was when Medicare was enacted in 1965—many private and government groups say the country can no longer afford to give doctors a blank check.

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RIEFS

essail Gorbachev nationalists staged a women's march in Moscow, demanding better relations and the growth of power-hungry and plutocratic elements in the government.

Expel Husak

Gustav Husak, former first secretary of the Communist Party, was removed from office, including Mr. Husak, the session Saturday night. The session Saturday night. The session Saturday night.

epal Protests

In police battled with thousands of activists in the capital, the city of Kathmandu, Nepal, on Wednesday, the session Saturday night. The session Saturday night.

Airbus A-320s

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n Easing Violence

Basque separatists have offered kidnappings if the government last year. The session Saturday night. The session Saturday night.

UPDATE

ht Accord Is Set

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Nicaragua Election: Few Clues to Result

By Mark A. Uhlig
New York Times Service

MANAGUA — After a decade of war, economic crisis and political polarization, Nicaraguans will vote Sunday in this country's first free and broadly contested democratic election.

But because most voters, wary of such freedom, remain deeply reluctant to discuss their views, even the best-informed specialists say they are at a loss to predict who will win.

The problem, diplomats say, is not necessarily that the vote will be close but that clues to its outcome remain scarce and contradictory.

The elections, held under the terms of regional peace accords, are expected to be a turning point in Nicaragua's long internal conflict, serving as a decisive referendum on the Sandinista revolution and the bitter controversies surrounding it.

The vote will be observed by hundreds of trained and coordinated monitoring teams from the United Nations and the Organization of American States and by a delegation led by former President Jimmy Carter.

Unlike a nationwide vote in 1984, all major opposition groups are taking part.

And all sides have expressed confidence in the preparations.

But in a country racked by years of political and economic turmoil, there is profound uncertainty about what the ballot will reveal.

Controversy has raged about Sandinista campaign techniques, U.S. financial support for the main opposition coalition, the continued presence of contra rebel forces and the Sandinista refusal to admit a

Bush administration delegation to monitor the vote.

Yet the central issue — the loyalties of 1.7 million Nicaraguan voters — remains a cipher.

"Each side can give convincing arguments to show why it will win," a European ambassador said. "But the fact is that nobody knows what to expect — not even the party leaders themselves."

Since the campaign took shape in September, conventional wisdom in Managua has suggested that the governing Sandinista National Liberation Front will be an easy winner against the weak and divided National Opposition Union, the opposition coalition.

Pointing to the extensive Sandinista party organization, together with the large numbers of state workers and military troops that depend on the Sandinistas for their living, diplomats and government officials have spoken of the "mathematical" inevitability of a Sandinista victory.

That argument has been reinforced by the emigration of large numbers of anti-Sandinista Nicaraguans — at least 10 percent of the population in the last decade.

And the dominance of the Sandinista position has been driven home by an expensive, highly professional political campaign.

Sandinista advertising has overwhelmed the opposition's token efforts and well-organized rallies throughout the country have featured at least one of the two key Sandinista candidates, President Daniel Ortega Saavedra and Vice President Sergio Ramirez Mercado.

But reporters and diplomats who have devoted extensive time and effort to interviewing voters throughout the country have long found a much higher level of anti-Sandinista feeling than outward appearances would suggest.

In the majority of cases, the sentiment appears to be directed not so much in favor of the opposition coalition or even its presidential candidate, Violeta Barrios de Chamorro, but rather against the economic hardships in a country that has been battered by 10 years of war and political conflict.

"We are dying of hunger," said a woman in Matagalpa, north of Managua.

AMERICAN TOPICS

After Panama, Stress Is on Urban Warfare

The U.S. Army is putting fresh emphasis on urban warfare training since the invasion of Panama in December. In that operation, U.S. forces met some of their heaviest opposition from urban guerrillas in the buildings and shantytowns of Panama City.

Infantrymen have always particularly detested urban warfare — fighting from building to building and street to street. Progress is slow, casualties high. The presence of civilian noncombatants makes it even more complicated.

In a training exercise last week, the 700 soldiers of the 1st Battalion, 82d Airborne Division, secured a mock town after nearly four hours of fighting, which left 22 U.S. "dead" and 46 "wounded."

The Pentagon estimates that 220 Panamanian civilians were killed during the U.S. invasion of Panama, most of them in cities and shantytowns.

"Given the population trends throughout the Third World," said Augustus Richard Norton, a professor at the U.S. Military



BEARING A CHILD TO SAVE A CHILD — Anissa Ayala, a 17-year-old Californian suffering from leukemia, with her mother, Mary, right, who is expecting another daughter in April. Mrs. Ayala, 43, is having the baby in hopes that its bone marrow will save Anissa's life. Doctors have raised questions about whether a marrow transplant would be in the baby's best interests.

Academy at West Point, New York, "the prospect for urban warfare has actually increased markedly over the past several decades."

Notes About People

Four former presidents of the United States agree: It was a great

job but they would not want to run again. Richard Nixon, 77, asked whether he would like the job again, said, "Not if I have to answer such silly questions as this one!" Gerald Ford, also 77, said, "The time has come for younger people to serve the country." Jimmy Carter, 65, said that he and his wife, Rosalynn, did not "miss the

pomp, ceremony and perks" of the presidency and that he would not want to return. Ronald Reagan, 79, said he enjoyed going to his ranch once a month, watching movies and inspiring others to accomplish things that his administration had been unable to achieve. The interviews were published by USA Weekend, a Sun-

day supplement in about 280 U.S. newspapers.

The Secret Service has given up arranging elaborate security for every place George Bush visits, because he hops around so much, not only speaking but shopping and restaurant-going. U.S. News & World Report magazine says the Secret Service has decided that stealth and surprise, rather than overwhelming security, are the best protection. A Bush adviser said: "Nobody ever goes to a local department store on the off-chance that the president of the United States is coming."

Sidney Biddle Barrows, 37, a descendant of the Pilgrims, who was arrested in 1984 for running a high-class call-girl ring and who then wrote her autobiography, "Mayflower Madam," is out with a new book, "Mayflower Madam: Etiquette for Consenting Adults." Some questions and answers: Is it rude to rip an exotic garment off a woman? It depends on how much it costs. When two people meet through personal ads, who is the host? Whoever placed the ad.

Short Takes

Exporting perestroika: The Harvard Business School has admitted its first four Soviet citizens.

Their previous jobs were managing finances for a tractor factory, traveling abroad for the Soviet chamber of commerce, doing scientific consulting and helping run a research group. They will intern for five months with American companies before entering the Class of 1992. Graduates initially wave dollar bills at commencement. Said Alexei Maximov, 30: "If the ruble is convertible by then I will wave a ruble; if not, the red flag."

Baltimore's new ballpark, contends Tom Callahan of The Washington Post, should be named Babe Ruth Stadium, after the city's most famous son. Indeed, George Herman Ruth, although not an orphan, grew up in a children's home on the site of the new stadium. His first job in organized baseball was with the Baltimore Orioles, but they were a minor league team at the time. He soon went to the Boston Red Sox and then to the New York Yankees, whose Yankee Stadium is nicknamed "The House That Ruth Built." Ballparks are named for owners, rivers, teams, politicians. None yet honors a player. It is time, Mr. Callahan says; it is "fitting and right."

Arthur Higbee

U.S. Preparing To Improve Ties If Ortega Wins

WASHINGTON — The Bush administration is considering possible steps to improve relations with Nicaragua if the Sandinistas win Sunday's elections.

State Department officials said over the weekend that they were reviewing policy toward Nicaragua so that the United States would be prepared to respond when the election results were announced.

A U.S. official said "we shake our heads in disbelief" at the possibility that Nicaraguans might reelect Daniel Ortega Saavedra. But, he said, if the Sandinistas win, "that would destroy any justification for our continuing to support" the contra rebels.

Vladimir Shcherbitsky, Former Ukrainian Leader, Is Dead

MOSCOW — Vladimir V. Shcherbitsky, 71, a former member of the ruling Soviet Politburo and veteran chief of the Ukrainian Communist Party, died Friday after a long illness, Tass press agency said.

Mr. Shcherbitsky, who ran the Ukraine and its 50 million people with an iron hand for 17 years, was retired from the Politburo on Sept. 20 in a shake-up orchestrated by President Mikhail S. Gorbachev.

Mr. Shcherbitsky was one of the last Politburo members from the days of President Leonid I. Brezhnev. Before the removal of Mr. Shcherbitsky, activists in the Ukraine blamed him and his men for slowing down economic and political change.

After service in the Soviet Army during World War II, Mr. Shcherbitsky began his climb in the party

hierarchy by becoming second secretary of the Dnepropetrovsk city party committee in 1948.

In 1961, he became prime minister of the Ukraine and joined the Communist Party Central Committee in Moscow.

He was appointed a full member of the Politburo under Mr. Brezhnev in 1971.

The Tass obituary was signed by Mr. Gorbachev and other members of the Politburo.

Keith Haring, 31, Graphic Artist

NEW YORK (NYT) — Keith Haring, 31, an artist whose graphic talents made him one of the stars of the youthful 1980s art scene and whose images could be found as often on T-shirts as in museums, died of AIDS on Friday at his home in Manhattan.

During his brief but meteoric career, Mr. Haring invented a cartoonish universe inhabited by crawling children, barking dogs and dancing figures, all set in motion by staccatolike lines.

This universe was first mapped in the New York City subway system, where the young artist, still a student, was inspired by what he considered the beauty and immediacy of graffiti. As his art became better known and was shown in galleries and museums throughout the world, his prices rose to as much as \$350,000 for a canvas.

Jack C. Massey, 85, Co-Founded Hospital Corp.

NASHVILLE, Tennessee (AP) — Jack C. Massey, 85, who helped build Kentucky Fried Chicken Co. into an international success and co-founded Hospital Corp. of America, died of pneumonia Thursday. From a chain of six drugstores,

the Nashville businessman founded Massey Surgical Supply Inc. in 1930. He sold that company in 1961. In 1964, Mr. Massey and a businessman, John Y. Brown, who later became governor of Kentucky, bought Kentucky Fried Chicken from its founder, Colonel Harland Sanders. They sold the business in 1969.

Mr. Massey founded Hospital Corp. of America in 1968. Within 10 years the firm had reached \$1 billion in sales and was the largest owner and operator of hospitals in the United States. Mr. Massey retired from the company in 1978.

Keyes Beech, 76, Journalist In Asia and Pulitzer Winner

WASHINGTON (NYT) — Keyes Beech, 76, who for many years was a foreign correspondent in Asia for the Chicago Daily News

and won a Pulitzer Prize in 1951 for his reporting on the Korean War, died of emphysema Thursday in Washington.

Mr. Beech covered Asia for five decades, first as a combat correspondent after joining the Marine Corps in 1942. He spent most of his years in Asia working for the Chicago Daily News. His last post was in Bangkok, where he served as a correspondent for the Los Angeles Times until his retirement in 1983.

Other deaths: Jean Wallace, 66, a film actress of the 1940s and 1950s, Wednesday of an internal hemorrhage in Beverly Hills, California.

Brendan Corish, 71, former leader of the Irish Labor Party and deputy prime minister from 1973 to 1977, Saturday of undisclosed causes in Wexford, Ireland.

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Soviet Central Asia Hit by New Protests

Reuters

MOSCOW — The wave of protests sweeping Soviet Central Asia spread to Kazakhstan over the weekend as new demonstrations erupted in Dushanbe, the capital of Tajikistan, where 18 persons were killed in rioting last week. Thousands of people rallied in Dushanbe on Sunday after the collapse of an accord between local officials and the republic's increasingly assertive mass movements. In Alma-Ata, the capital of Kazakhstan, "many thousands" demonstrated Saturday to demand an end to the region's economic exploitation by Moscow and a halt to nuclear weapons testing in the republic, Moscow Radio said. The protests, called by local independent groups, had been approved by local authorities. The rally in Kazakhstan, where ethnic rioting broke out in 1986, was the first mass protest reported in that republic since the latest wave of protests began in Central Asia, a huge territory bordering on Iran, Afghanistan and China that is home to most of the Soviet Union's Muslim population. Last week, clashes erupted in Uzbekistan, a Central Asian republic sandwiched between Tajikistan and Kazakhstan, and a curfew was imposed on the city of Samarkand. Moscow Radio said the rioting involved Tajiks, the majority in the city, and Armenians. Rumors that Armenians who have fled rioting in Transcaucasia are being given scarce housing in Tajikistan set off the trouble last week in Dushanbe, where political activists clashed with thousands of troops and police for several days. The Communist Party newspaper Pravda said Sunday that the riots in Dushanbe caused losses of more than \$40 million. The crowd that demonstrated here Sunday demanded improvements in the republic's environment, greater economic autonomy and better living conditions in the impoverished city of half a million, a spokesman for the local Communist Party newspaper said. The rally Sunday apparently had the tacit support of local authorities, who are under pressure to read off ethnic attacks. The unofficial mass gatherings last week, many of which turned violent, ended after an agreement between a committee of grass-roots leaders and local officials. The agreement called for the resignation of the Tajikistan leadership, but the Communist Party's policy-making Central Committee has refused to approve the deal. The official Tass press agency reported that Dushanbe remained "unstable" despite the presence of

JAPAN: LDP Leads Vote

(Continued from page 1)

couldn't deny the LDP a majority," she said. Although the elections are unlikely to produce dramatic changes in policy, analysts viewed the emergence of two dominant parties as a first step in reshaping a national political structure that has drawn increasing criticism from both voters and politicians in recent years. "I see little change in Japan's future direction, especially in its foreign policies," said Yoji Otsuka, a six-term Liberal Democratic member of the Diet from Tokyo. Voter turnout was unofficially reported by NHK, the state-controlled broadcast network, at 71 percent, compared with 66 percent in national elections four years ago. Commentators said the increase reflected rising concern about Japan's international challenges as well as the domestic controversies. For the governing party, the results were taken as an important vindication from voters after more than a year of declining popularity. Several senior Liberal Democrats forced to resign because of the Recruit financial scandal, in which underpriced stock was offered to politicians before the public, were among the early winners. These included the former prime minister, Noboru Takeshita; Shintaro Abe, the former head of the party, and Kiichi Miyazawa, the former finance minister. Sosuke Uno, who was forced to

Watching Over Germany: Focus of NATO Shifts From Pact

By Bernard E. Trainor

WASHINGTON — As the Soviet threat to Western Europe diminishes and the Warsaw Pact becomes a hollow alliance, the role of the North Atlantic Treaty Organization is shifting and the alliance is emerging as a potential watchdog over a reunited Germany. Eastern European governments favor Germany's remaining in NATO to provide a virtual leash on it, a senior Pentagon official said. Although the focus of NATO for 40 years has centered on the military threat from the Soviet Union, another tacit reason for the alliance was the maintenance of military control over a rearmament West Germany through an integrated NATO command structure. But as the Soviet threat recedes and German unity becomes an unexpected near-term reality, senior officials say the view within the Bush administration and in Western capitals is that they want the alliance that was set up to deter war to be transformed into one maintaining stability in Central Europe. As a result, U.S. officials say, while the

administration and European nations support the unification of the two Germanys, the allies recognize that the prospect of a single Germany stirs concern and uncertainty through both Western and Eastern Europe.

To meet that concern, administration officials are adamant that a new Germany must be part of NATO not only to

NEWS ANALYSIS

guard against a re-emergence of a Soviet threat, but also to allay the security concerns about Germany in both Eastern and Western Europe.

"Europeans have bitter memories of Nazi Germany and are genuinely uneasy about reunification," a senior Pentagon official said. "Eastern Europeans and the Poles in particular fear German revanchism and see German membership in NATO as a guarantee of good behavior."

It is also widely known that France, Britain and other NATO allies are uneasy about the consequences of German reunification. The Bonn government of Chancellor Helmut Kohl has said that a reunified

Germany would remain in NATO. And to mollify the Soviet Union, the West German government has proposed that NATO forces not be deployed in what is now East German territory.

Under the plan, which was recently endorsed by Secretary of State James A. Baker 3d, some Soviet forces might be allowed to remain in what is now East Germany, at least temporarily.

Publicly, Soviet officials have said that the Soviet Union would not accept a reunified Germany in NATO. But privately, U.S. officials say, the Soviet response has been less resolute.

Some military officers and specialists believe that without NATO oversight, a unified Germany could give new life to the Warsaw Pact. Essentially, they say, if a unified Germany were not in NATO, that could open the way for Eastern Europe to view the Soviet Union as its protector — against Germany.

"If a reunited Germany is in NATO, it is just a matter of time before all Soviet troops are back behind their borders," said David Ishy, a specialist on the Warsaw Pact.

"But without a NATO watchdog, even a neutralized Germany could cause the Eastern countries to see the Soviet Army in a different light and breathe new life into the Pact."

Concern about German reunification also resonates within the Warsaw Pact. The role of the East European military alliance is diminishing as newly independent members assert themselves and ask the Soviets to leave their territory.

Before long, the only Soviet troops left facing NATO will be in East Germany. These Soviet troops are, in all likelihood, in a militarily untenable position.

The troops are seen to be isolated in an unfriendly country with their supply line to the Soviet Union running through Poland, where the Soviets currently have two divisions.

If those forces are withdrawn from Poland, the combat units further west — in East Germany — will be cut off unless the Poles guarantee the Soviets transit rights.

Some analysts believe that the Poles might provide such a guarantee out of fear of a reunited Germany, unless the German military is effectively controlled

by its integration into NATO and a continued U.S. presence on German soil. The Soviets currently have about 500,000 soldiers and airmen in Eastern Europe, of which about 400,000 are in East Germany.

The United States has slightly more than 326,000 troops in its European command. Of these, 243,000 are in West Germany.

It has agreed to reduce the number in the central region to 195,000 while maintaining an additional 30,000 troops on the NATO flanks.

From a U.S. perspective, these levels are a ceiling for the Soviets but a floor for the United States.

According to a senior Pentagon official, U.S. reductions are expected to be completed by 1993, but withdrawal of the Soviet troops will probably be faster because East European nations are already asking Moscow to remove its forces.

Department officials say that the details of the U.S. troop reduction are being worked out, but that the cuts are roughly equal to the withdrawal of one of the two U.S. Army corps in West Germany.



Ichiro Ozawa, general secretary of the Liberal Democratic Party, toasting off on Sunday as he watched televised returns in Tokyo.

WALL: The Rush to German Unity GERMANY: Dispute on Troops

(Continued from page 1)

and probably future capital of the country?

Over the coming months, diplomats from Europe and the superpowers will wrangle over many legal and security issues that boil down to one great controversy that has puzzled historians and philosophers for a century: Germany's national character.

At the end of World War II, the Allies promised that German expansionism and militarism would never again be allowed to throw the planet into the netherworld of genocide and state-sponsored hate.

But after 40 years of successful democracy in West Germany and the bloodless people's revolution against the Stalinist regime in East Germany last fall, the limbo of postwar occupation is ending.

Thousands of troops on both sides will be going home, maybe all of them at some point.

Chancellor Helmut Kohl says unity will come this year. But the idea of recreating the country that plunged the world into two great wars still makes many nations nervous.

The French and British are concerned that the balance of power in

Europe will be upset as Western troops pull back from German soil.

The Americans are eager to maintain the NATO alliance that has helped keep Europe at peace for 45 years.

The Soviet Union wants the new Germany to be constructed so that it cannot threaten Soviet territory. Until this month, the Soviets said that could be accomplished only by creating a neutral, demilitarized Germany. The idea is anathema to the Western powers, which consider Germany an essential ally.

The Soviets have now signaled that they will consider other ways of keeping the peace, but it remains unclear whether this might include the West German proposal to keep Germany in NATO, but without foreign troops in the former East Germany.

Valentin M. Falin, a member of the Supreme Soviet and a top adviser to President Mikhail S. Gorbachev on Germany, seemed to rule out such a plan Saturday in a West German radio interview. "If the Western alliance sticks with its demand for a NATO membership of all of Germany, then there won't be any reunification," he said.

(Continued from page 1)

But says the new state should be neutral. NATO and West Germany say a unified Germany must remain in the Western alliance.

Western officials have suggested the Soviet Union, which has 380,000 troops in East Germany, could keep some forces there during a transition period.

There were reports in West Germany on Saturday that Chancellor Helmut Kohl had made two concessions to the Kremlin leadership as the price of reunification.

The reports, quickly denied by the government press office in Bonn, alleged that Mr. Kohl had given a promise about Poland's Western border and had guaranteed delivery of various products to the Soviet Union.

According to Der Spiegel magazine, Mr. Kohl guaranteed East German contractual obligations to deliver various products to the Soviet Union.

The conservative Welt am Sonntag newspaper, which also reported such an agreement had been reached, said the products were mainly food and farm equipment.

Mrs. Thatcher said Sunday that

steps were needed to make the rest of Europe feel secure.

"We want to see Germany remain part of NATO with American and other troops stationed there, with some special arrangements for East Germany, to meet the Soviet Union's security concerns," she told the House of Deputies of British Jews, Britain's leading Jewish group.

"Indeed, it would be quite reasonable for some Soviet troops to remain there at least for a transitional period," she said in her clearest statement yet on the question of German unity.

She said that a new Germany must respect existing treaties and agreements, including the Helsinki Final Act, which recognizes existing borders in Europe and the rights of the Allies in Germany.

Mr. Baker, discussing Soviet demands for a neutral Germany, said in a television interview: "We're going to have to see the degree to which they really feel that way. For myself, I would tell you that I'm not so sure that they really strongly feel that way."

(Reuters, AP)

ROMANIA: Protesters Invade Government Offices

(Continued from page 1)

ber three in the provisional government, after President Ion Iliescu and Prime Minister Petre Roman. As the demonstration began, placards and chants branded Mr. Iliescu "another Communist dictator" and declared that his style of government was no better than that of Mr. Ceausescu. Brandishing iron rods, the crowd smashed its way into the building on Victory Square that has been the provisional government's base since it took power on Dec. 22. The demonstrators broke in after soldiers hauled away several protesters who had scaled the building and seized a Romanian flag from a balcony. More than 1,000 people in front of the building cheered as protesters smashed the windows and glass-and-metal doors. About 500 people poured in.

SOVIET: Azerbaijani Resentment

(Continued from page 1)

Black flags are draped from some buildings, and some cars fly black strips of cloth from their antennas. Red carnations carpet the places where bodies were found after the sun came up on Jan. 20. Occasionally, a stroller spots a building facade pocked with bullet holes from the predawn storming of the city. Here and there, boarded windows or soot-blackened walls mark an apartment where Armenians were driven out by mobs and their belongings set afire on the balcony. The Armenian Orthodox Church, whose congregation has been depleted over the past two years by an emigration based on fear, is now a charred ruin. Baku has developed a whole set of social rituals around the "January events." Photographs circulate in the city, reinforcing the sense of grievance. They show the bullet-riddled bodies of bare-chested Azerbaijani men laid out on a hospital floor, an ambulance crushed by tanks, a bus strafed by machine-gun fire. In his apartment, one middle-class resident flipped through a stack of videotapes, offering a visitor a choice of carnage, interviews with anguished witnesses or highlights from the months of political confrontation between the Popular Front and the Communist Party. Every day, thousands of people stream past the hilltop grave site. Women press handkerchiefs to their faces, and an occasional wail interrupts Islamic prayers for the dead from a public address system. On Tuesday, the 77th body was buried in the park, an Azerbaijani man who had been shot through the throat and lingered in a hospital for 26 days. The official death count has crept up to 142.

They found a cabinet filled with books by Mr. Ceausescu and red-banded Communist Party manuals and hurled them from the balcony. The Romanian news agency Romspre said that 20 soldiers were seriously injured, although this could not be confirmed. He was speaking at a ceremony marking the appointment of Lieutenant General Victor Stanculescu as the new defense minister. He replaces General Nicolae Militaru, who resigned Friday after Romanian officers demonstrated for several days to demand his removal.

The demonstration Sunday was far smaller than an anti-government protest Jan. 25 in which more than 15,000 people demanded that the National Salvation Front open itself to opposition parties.

That protest and a violent pro-government demonstration the following day, along with attacks on the headquarters of major opposition parties, led to the creation of the provisional Council of National Unity that is to rule until general elections are held on May 20.

The Council includes 37 political parties and various other interest groups, but critics say the National Salvation Front retains control. (Reuters, AP)

ASWAN, Egypt — The leaders of Egypt and Libya, ending a decade-long dispute, agreed Sunday to set up joint committees on banking and trade.

The Libyan leader, Colonel Muammar Gadhafi, arrived in Aswan for his second visit since a breakthrough in relations last May at an Arab summit meeting in Morocco. Relations between the two countries broke down in 1979 when Egypt signed a peace treaty with Israel.

Information Minister Safwat Sherif said that President Hosni Mubarak and Colonel Gadhafi agreed to establish a joint committee, comprising central bank governors and other financial representatives. He said that a second committee would be formed for economic cooperation and the removal of all trade barriers.

Avalanche Kills 21 in Iran

The Associated Press

NICOSIA — An avalanche near the Iraqi border in western Iran killed at least 21 people and trapped 110 others, the Islamic Republic News Agency said Sunday in a report monitored here.

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Marxism Subverted

Karl Marx must be cringing in his grave. The draft platform of the Soviet Union's Communist Party that was published last week contains an economic bombshell: approval of private ownership of private capital. This proposed surrender of the party's economic dictatorship is every bit as radical as the document's proposed surrender of the party's 70-year political dictatorship.

The platform paves the way for private ownership of factories, farms and large-scale equipment. From there, it is only a matter of time before the Soviets allow private owners of capital to hire workers. And once that ideological bridge is crossed, the difference between the Soviet economy and the mixed economies of countries like Sweden will be a matter of degree. Communism, as we know it, will have disappeared.

A central tenet of Soviet communism has been public ownership of the means of production and the prohibition of hiring labor. Private hiring of labor, Marx taught, meant that one person would unjustifiably consume what another person produced. The only way to stop this "exploitation of man by man" was to abolish private capital.

But the Soviet alternative, centralized control over the entire economy, has failed. And recent piecemeal tinkering with property laws, like legalizing cooperatives and joint stock companies, has accomplished little. Mikhail Gorbachev recognizes that to motivate more productive work, he must expose government enterprises to the discipline of markets.

Fearing political backlash, he has not proposed tampering with the laws that pro-

hibit private hiring. The draft platform does not mention the hiring of labor, a telling omission. By not reaffirming it, Mr. Gorbachev may be inching toward repeal.

The draft platform is full of ambiguities and contradictions. In nearly the same paragraph that it approves private capital, it rules out any form of property that alienates or exploits workers. In other words, no private capital to speak of. Yet the ambiguities may well serve an important purpose. Reformers do not need a clean document. They need a permissive document. By approving even some role for private capital and market discipline, reformers have won the ideological battle. Now, believing history and economics to be on their side, they are confident of victory.

The reformers have no intention of recreating capitalism. They will preserve public ownership of important economic sectors — the "commanding heights" — even as they permit private ownership at the foothills. If the Soviet Union can figure out how to make an economy based on public enterprises productive, it will continue to look very different from Western Europe. But no one has yet solved that puzzle.

The Soviets are committed to social equality. They will preserve a generous safety net for the disadvantaged and reject the inequities they observe in the West. The challenge is for them to find a system that preserves equality yet sustains economic growth. The stirring economic news of their draft platform is that they seem determined to do so as pragmatists, not as Marxist ideologues.

—THE NEW YORK TIMES

A Quandary for Bush

President Bush faces a quandary in Nicaragua. On Feb. 25 the Sandinistas may conduct the most open vote in their country's undemocratic history. That has been the administration's most insistent condition for dismantling the contra rebels and ending punitive sanctions. If the outcome is an upset victory for the opposition candidate, Violeta Barrios de Chamorro, the cheering will be led by Mr. Bush.

But suppose the Sandinistas win in a contest judged fair by monitors like Jimmy Carter and Elliot Richardson. Will the president honor the outcome? Mr. Bush could yield to the clamor on his right flank and find a pretext for disputing the result. But this would be pique, not policy. More important, it would ignore changing realities, dishonor principle and mock hopes for peace and pluralism in Central America.

Consider Washington's three complaints about the Sandinistas, invoked to justify President Reagan's undeclared contra war: The Soviet threat. From the moment they assumed power in 1979, the Sandinistas turned to the Soviet bloc for arms and advisers. As Nicaragua's arsenal grew, so did fears about a Soviet toehold in the Americas. But under Mikhail Gorbachev, if military aid has continued, belligerent expansionism has not.

Arming guerrillas. The Sandinistas have violated frontiers by aiding insurgents elsewhere. Months ago, a planeload of mis-

siles intended for Salvadoran rebels was intercepted. Exposure forced the Sandinistas to halt arms aid and join a declaration supporting the Salvadoran government.

Shifting democracy. In the Reagan years, no theme was more insistent than Nicaragua's suppression of political opponents and the press. This was dismissed by Sandinistas as propaganda to justify an illegal war. But they could not ignore their growing isolation in the region, and in 1987 Managua agreed, grudgingly, to a peace plan initiated by President Oscar Arias Sánchez of Costa Rica.

As required by the plan, Nicaragua has eased press controls and offered an amnesty to returning contras. The forthcoming election will provide more choices for more offices than ever before. Half the polling places will be scrutinized by international monitors. If Mr. Ortega wins, he will still need to contend with a legislative opposition strong enough to check one-party autocracy.

Mr. Bush is thus positioned to make the most of real gains for democracy in Nicaragua. He could condition an end to sanctions on continued acceptance of genuine pluralism. But fairness would also require Washington to demobilize the contras, as stipulated by the same peace pact Nicaragua is asked to honor. By so doing, the president would reciprocate Mr. Gorbachev's wisdom in letting smaller countries seek their own way.

—THE NEW YORK TIMES

Back Behind the Barrel

U.S. oil imports last month shot up to well over half the country's supply. The volume was substantially higher than at the time of the oil crises of 1973 or 1980. Part of the explanation was a surge of demand to refill storage tanks drawn down in an unusually cold December. But there is also the fact that domestic oil production has been falling steadily for five years.

From month to month the import figures bounce around according to the weather. But the underlying pattern is likely to be a dismayingly rapid rise. U.S. oil consumption is not going up. But the fall in U.S. production, as old fields are exhausted, means that the country's dependence on foreign sources will continue to increase.

The oil industry believes that the solution is to try harder to increase the flow from American wells. One way to do that would be to use tax breaks to encourage more drilling. Another would be to speed up the leasing of offshore sites. Neither is likely to be very effective.

But few people would want their government just to shrink and resign itself to periodic oil shortages. The costs are enormous. Each of the last two crises resulted in a severe recession. In each, rapid economic

growth had sent oil demand soaring, and then, when production was being pushed to its limit, a political event suddenly cut crucial exports — in one case, an Arab-Israeli war followed by an Arab embargo, in the other the Iranian revolution.

The importing countries can protect themselves by seeing to it that supplies are not overstretched. They need to keep their demand well below the world's capacity to produce, and they have done a pretty good job of it since 1980. It is crucial to keep some slack in the system, and the major responsibility falls to the United States, because it alone burns nearly 30 percent of all oil produced worldwide.

Americans have shown that they can make conservation work. The country is using no more oil today than before the first oil crisis 17 years ago, although the size of the economy and the number of cars on the road have increased by half again. Now it is going to be necessary to do a little better — not only to hold oil consumption steady, but to start to reduce it. That is not only insurance against future oil disruptions. It is an appealing way to save billions of dollars on the trade deficit to boot.

—THE WASHINGTON POST

Other Comment

Enough Is as Good as a Feast

To inhabitants of countries newly liberated from decades of Communist rule, the story of Americans being stumped by having too many choices in the marketplace must sound like a fairy tale. Even to consumers in countries where goods are plentiful, it sounds a little unbelievable.

But that seems to be the experience of urban dwellers in the United States. A New York Times report last week said Americans have become overwhelmed, even paralyzed, by the vast array of goods and services at their fingertips. They have more than 25,000 items on their supermarket shelves. They can tune in to 53 television

stations and have more than 11,000 magazines and periodicals to choose from.

This shows the paradox inherent when the line between sufficiency and excess is crossed. In America, the benefit of diversity is nullified: The buyer simply becomes confused. The U.S. experience has wider implications. If one can be flooded by a choice of too many brands of coffee or cereal, how much more muddled the mind becomes in situations where a decision is vital and the choices wide. Instead of envying the choiceworthy Americans, people having fewer choices, whether in the market place of goods or ideas, may want to remember the golden rule that enough is as good as a feast.

—THE SUNDAY TIMES (Singapore)

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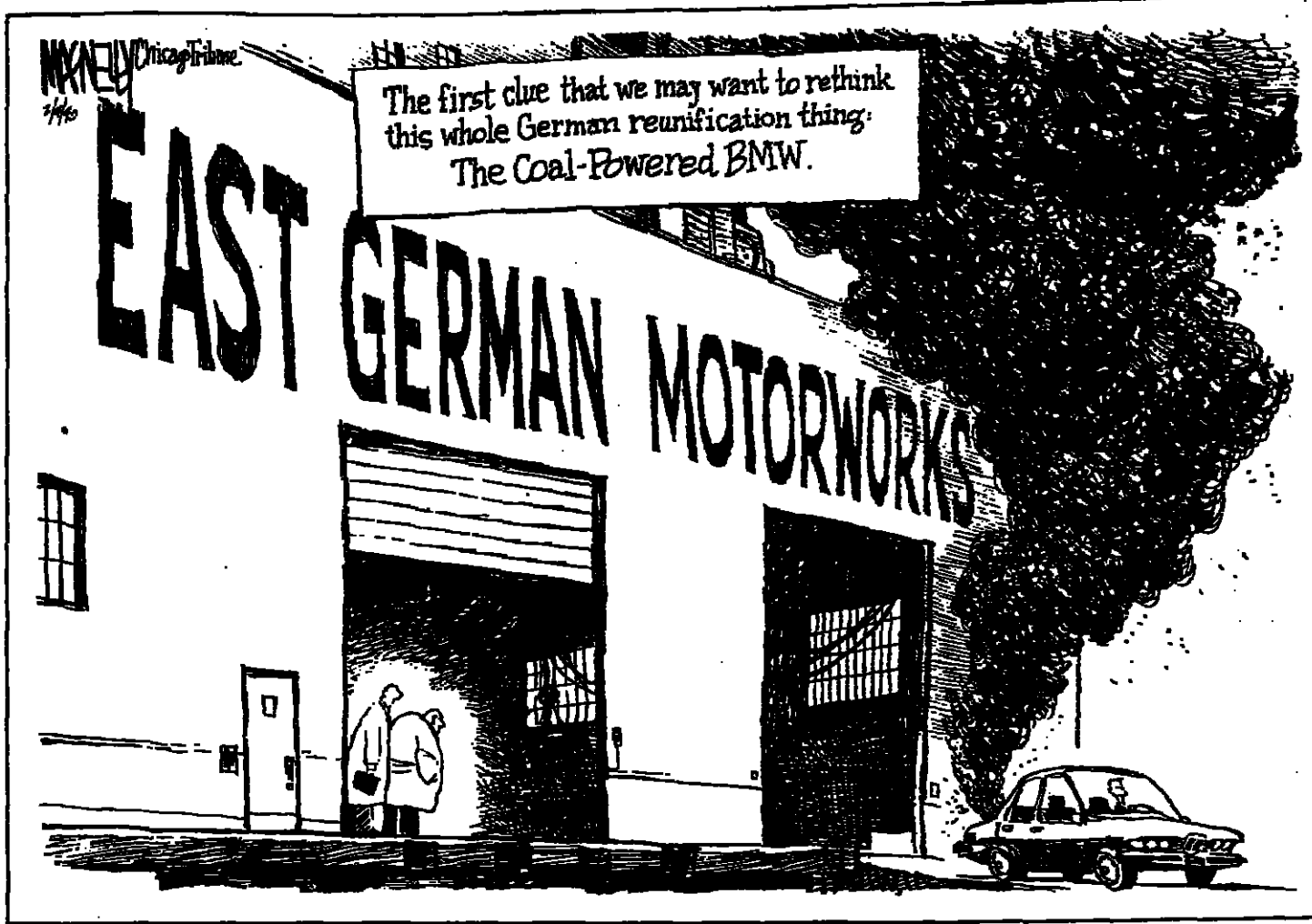
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Peace Before Power: The People Are Europe's Hope

By Flora Lewis

OTTAWA — The principle is settled. West Germany will absorb East Germany, probably this year. Bonn's December elections will be for a Reichskanzler, not just leader of the Federal Republic but of all Germany.

Whether East Germans participate remains to be decided. But they will have a big influence. The electorate will know it is choosing the government for a united country.

There is an enormous complex of questions ahead on how two separate state systems, two separate economies, two separate societies are to be merged. Nobody was even asking these questions before. But they have become urgent.

For example, what happens to the East German Army, a highly trained force of 173,000 with 324,000 reserves, closely meshed with the Soviet command? Bonn officials say officers keep turning up to ask for equivalent jobs in the West German forces. Some East German diplomats, too, want jobs. But the big administrative structures will not just melt away.

The Soviets are not trying to hide their unhappiness at the pace. Foreign Minister Eduard Shevardnadze told Canadian legislators that it was important to go slowly, "to act cautiously and prudently." But he seemed to realize it was too late for Moscow to put on the brakes, so he sought to speed up the demilitarization of Europe and creation of a new "pan-European security system."

There, too, the questions were not asked in time, so there will have to be improvisation in the desperate attempt to make the two calendars — German and European — coincide.

The Soviets want to start right away drafting plans for new East-West institutions, encompassing the new Germany, to be established by Helsinki summit talks late this year.

The Italians and some other Europeans are thinking on the same lines. They are not pleased at the "two plus four" formula leaving it to the wartime Big Four to oversee the implications of the German settlement for others.

The Poles, worried about their vital Western border, want their voice to be heard. They have a strong point. Bonn always said it could not commit to a united Germany without a peace treaty. But after all, there is not going to be a German peace treaty 45 years later. So the commitment must be made now in some other form.

East Europeans have been quicker than the Russians to see that a neutral Germany not attached to the West is more dangerous than benefit to Europe.

"The partition of Germany — and of Europe — began with the Deutsche mark," said the Polish foreign minister, Krzysztof Skubiszewski, referring to the 1948 currency reform in the three Western occupation zones, "and it will end with the Deutsche mark" taking over East Germany.

The West German Army is totally under NATO, and they see the advantage of keeping it that way until a new European system is in place. If that means Soviet troops staying on awhile in a special East German zone, so be it.

The witty Czechoslovak foreign minister, Jiří Dienstbier, put it succinctly: "Where we live, in a symbiosis of the Good Soldier Schweik, Franz Kafka and Josef Stalin, nothing is absurd."

The problems roiling the Europeans are really those left by the World War I settlement. America is just thinking of the aftermath of World War II. It does not have the instinctive, institutional memory of Europeans.

Appeals to remember the horrors of Hitler and the Nazis miss this sense of older European instability, which has to be addressed in making sure that history is not repeated.

Gradually, diffusely, the old line separating Europe and Russia is reappearing. Moscow, having abandoned Stalin's way of erasing it, is trying to overcome it by integrating the Soviets with the rest of Europe. It will not work in the time available.

Italy, looking ahead more clearly than others, now thinks in terms of "three concentric circles" — the vast sweep from Helsinki to Vladivostok to San Francisco, which includes the Soviets and the United States; Europe itself, and the European Community, solidly anchoring Germany.

The Russians cannot really be "in Europe" and stand outside as the other superpower. They cannot decide, although accepting a higher ceiling for American troops shows how they are tugged. Perhaps national upheavals tearing at the Soviet Union will force the answer.

A brand-new order is being created. This is a crucial year. The best omen is that people want peace more than power, and people are making their voices heard.

The New York Times

Ethnically Divided, We Must Not Let This House Fall

By George Vassiliou

The writer is president of Cyprus.

NICOSIA — The first millennium ended amid dark predictions that the world was about to end. The second is nearing its close in an unprecedented climate of hope for a new, more peaceful world.

Nothing has contributed more to this euphoria than the events that have swept through Europe in recent months, bringing down divisive barriers, strengthening democracy and making cooperation, not confrontation, the watchword for the decades ahead.

Although these changes have continental Europe as their epicenter, they are profoundly important for all humanity. The immense principles from which they spring — above all, respect for individual human rights — are of universal relevance.

Safeguarding human rights must be our central concern if we are to tackle the dark side of recent developments — a resurgence of nationalism and ethnic strife, in Europe and elsewhere. In other eras, nationalism has played a constructive role in consolidating and safeguarding the rights of peoples and nations. Today, however, it has taken on the destructive cast of chauvinism.

As the Malta summit meeting

confirmed, the Cold War is over. But a conscious effort is required if it is not to be succeeded by a hot war that could set Europe back by centuries. It is imperative that we understand that chauvinism is not patriotism; and that nothing good can come when one ethnic group seeks prosperity and progress at the expense of another (and of the broader international order) under the banner of self-determination.

It was encouraging to hear this view stated clearly by political figures of both Western and Eastern Europe at the meeting this month of top international politicians and businessmen in Davos, Switzerland.

All agreed that chauvinistic nationalism poses a grave danger to progress toward a more peaceful and just world. As Prime Minister Andrei Lukin of Bulgaria warned, giving nationalism free rein could destroy our chances of building a new Europe. Respect for human rights, and not nationalism, must be paramount in European reconstruction.

As Foreign Minister Gianni De Michelis of Italy put it succinctly:

Self-determination was ruled out as an absolute principle at Helsinki in 1975; borders are to be respected; security considerations must override local demands for autonomy.

Cyprus supports the view that a Helsinki-2 conference, as proposed by Mikhail Gorbachev, be held as soon as possible to determine first principles for future action.

These issues are of key importance to Cyprus, Europe's southern outpost in the Mediterranean, whose people know how high the price of chauvinism is. Cyprus may be considered a test case for future developments in Europe and the world.

The Cyprus problem is essentially one of the occupation of sovereign territory of one state by the armed forces of another — in this case Turkey, which invaded and occupied more than one-third of the republic in 1974. Turkish forces continue to hold that territory, forcibly separating the Greek Cypriot and Turkish Cypriot communities.

Under high-level agreements signed in 1977 and 1979 by the two sides, it was decided in principle that Cyprus should be reunited under a federal system of government. But these accords remain a dead letter. While paying lip service to United Nations efforts to negotiate a federal settlement for Cyprus, the Turkish side has sought to legitimize the status quo.

The UN secretary-general has now called a meeting between the sides in New York to complete a draft framework plan for a federal Cyprus settlement. We will attend in good faith and with good will, and hope that the Turkish Cypriot leader, Rauf Denktaş, will do the same.

The future of the Cypriots will be at stake. But the outcome will also say much about the question of whether states with more than one ethnic group can survive as unified entities within secure borders, or whether they are bound to fragment, with each community claiming the right to secede as the only way to safeguard its interests.

The latter approach, if generalized, would spell the end of Europe and of the world as we know it. The international community cannot afford the precedent that a permanent partition of Cyprus would set.

International Herald Tribune

Someone Should Tell Them: The Cold War Is Over

By William Pfaff

PARIS — I was surprised to learn recently that the U.S. military had orders during the past decade to defend the Ayatollah Ruhollah Khomeini's Iran against Soviet attack.

I had assumed that Iran, since its revolution, when the U.S. Embassy staff was taken hostage, was a declared enemy of the United States. It had not occurred to me that in U.S. government eyes it should still be guarded by U.S. armed forces.

We now know this, thanks to the publication of the Bush administration's new guidance to U.S. military commanders, in which the defense of Iran is deleted from the Pentagon's priority assignments.

How was it supposed to have worked? Surely it would have been necessary for U.S. forces to fight their way into Iran to get at Soviet invaders. That would have been a stab in the back of whatever resistance the Iranians were mounting. Would not U.S. forces then have in effect been supporting the Soviet invasion?

I am genuinely baffled by this discovery. What was it all about? One easily sees where it came from. A U.S. commitment to defend Iran dates to World War II, when the Allies occupied the country to control its oil, and to 1946, when the United States and Britain had to force Stalin to pull Soviet troops out of northern Iran.

One reason this defense commitment survived the fall of the Shah in 1979 is probably the fright the Carter administration gave itself when the Soviet Union invaded Afghanistan. Washington convinced itself that the invasion plus the Iranian revolution

presaged a drive by Moscow to the Gulf and the Arabian Sea, to cut the West off from Arab oil. It was not a very convincing scenario.

Yet such ideas shaped strategy in Washington. They were responsible for the creation of a U.S. rapid deployment force and for the purchase of much specialized equipment for desert fighting, and new airlift and sealift capacity to get U.S. forces to the region when the Russians attacked — if they ever did.

The new guidance document, adjusting to reality with respect to Iran, distances itself from reality on other points. It shows a U.S. government still preoccupied with how the United States would "prevail" in a "prolonged nuclear war" with the Soviet Union. It talks about an "aggressive, long-term Soviet objective to obtain more overseas bases and to recruit 'subversive regimes'" in the Third World.

The document refuses to acknowledge that NATO might realistically plan on having more than 14 days intelligence notice of a Soviet and Warsaw Pact mobilization to attack Western Europe. What do Mr. Bush's planners think the Warsaw Pact will find to mobilize in today's Eastern Europe for this attack? To say, as this document does, that it would be "imprudent" to alter the 14-day warning assumption, makes the United States look ridiculous, or even sinister.

This guidance, it must be emphasized, is a civilian document. It relies on military appreciations and assessments, but it is not supposed to be a

statement of how professional soldiers look at the world. If it were, its excesses of prudence and its political backwardness would be forgivable. This is the document by which the elected civilian authorities of the Bush administration tell the military what they are supposed to plan for.

The problem is simply that the U.S. government still cannot dismiss intellectually. Take away the zero-sum bipolar Cold War confrontation, remove from the calculation a rigid and disciplined Communist Eastern Europe and substitute popular governments, reform and revolution; reveal the Soviet Union in economic catastrophe and political turmoil, wracked by forces of integration; and the minds of these people in Washington go blank. They say it would be "imprudent" to change anything.

It would certainly be imprudent to conclude from recent events in the East that turmoil and threat are ended, the risk of conflict removed, peace everywhere installed. The contrary is true. The Soviet Union and Europe have entered a period of fundamental instabilities and profound change. We have no idea what kind of Soviet Union will finally emerge. Military forces have a crucial role to play, if only by providing a silent restraint on the course of events. But the actual dangers have nothing to do with the ones addressed by this document.

A top-level U.S. government assessment and directive as removed from contemporary reality as this must itself be a source of danger. By confirming

outdated assumptions it sets up barriers to intelligent new responses. The American government mind itself displays obsolescence. The collective eye no longer sees, the collective brain no longer properly works. But contemporary events offer no holiday for cure or convalescence.

International Herald Tribune

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100, 75 AND 50 YEARS AGO

1890: Sarah's Surprise

PARIS — Mme. Sarah Bernhardt has another and the greatest of her surprises in store for the world. Her this year of grace 1890 comes to a close, the great tragedienne proposes to impersonate the Virgin Mary in a play which has been written specially for her.

1915: French Resolve

PARIS — M. Viviani, the French Premier, replying to a question in the Chamber yesterday (Feb. 18), said that France and her Allies were determined to carry on the war to the end until Europe was freed from military despotism and until outraged Belgium was avenged and Alsace again incorporated with France. Alsace, continued M. Viviani, had herself prepared for her return to France by her heroic fidelity. In this case it was certainly not a question of conquest, but of regaining a lost child.

The Product Of China's Gulag Labor

By A. M. Rosenthal

NEW YORK — Here is some important legal and business information for Americans importing goods from China or investing in Chinese factories or mines:

The chances are high that you are breaking the law under the United States. Specifically, Chapter 19, Section 1307 of the U.S. Code, is entitled "Convict-Made Goods; Importation Prohibited" and reads as follows:

"All goods, wares, articles and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or forced labor or indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited."

The Chinese government is not only the largest user of forced labor in world history, but its Communist economy is heavily dependent on it. Thousands of camps scattered around the country, millions of forced laborers, perhaps more than 20 million at this moment.

Many labor camps are specifically set up and organized to manufacture goods for export. Specialists on Chinese commerce have no doubt that slave-labor products and raw materials reach the U.S. market.

So far the United States has chosen to ignore the import ban. But here is another business note for Americans in the China trade: The Congress of the United States is likely to try to change that this year.

The full congressional spotlight will focus on the Chinese gulag for the first time — a government report due about May 1, hearings, investigations, legislative action.

Senator Jesse Helms of North Carolina is organizing the congressional battle to expose the convict labor system that underlies so much of the Chinese Communist economy.

He will be joined by other Republicans and Democrats, conservative and liberal, in what will be another bipartisan effort to fight the Bush administration's policy of appeasing Beijing.

In the Senate and then in the House of Representatives, legislation will be introduced to enforce the law and impose real penalties — fines, seizure of goods and treble damages. The plan also is to give organizations like labor unions and business associations the legal right to sue against forced-labor imports.

Currently that right is limited to companies damaged by the import of forced-labor merchandise. There will be legislative effort to write regulations against American investment in enterprises using forced labor.

Forced labor has been essential to the Chinese Communist economy for 40 years, although the world carefully looked away. The regime has said so openly in the law of the land: "Production from reform-through-labor shall become a part of the overall plan for the reconstruction of the nation's production capabilities."

The same law states: "Plans for the distribution and coordination of the labor of criminals will be based on the number of criminals in each area and on the needs of production and the reconstruction of the nation."

The Chinese millions being "reformed" by being forced to work unpaid for the profit of the Communist system include those deemed ordinary criminals. In China, conviction is a formality after arraignment. Not guilty pleas are an insult to the state.

Political prisoners are also used in forced labor. That can be anybody the government wants to put away. Other millions are ordered into "job placement camps" when spot needs develop — large-scale imprisonment gangs.

The factories are not merely ancillary to the camps. The country, around China, prisons are established in or near factories specifically designed economically and physically to depend on forced labor.

The slave-labor factories and mines produce textiles, chemicals, iron coal, tools, machinery, consumer goods and other Chinese exports. The Bush administration is expected to try to block legislative action, veto it or cripple it by demanding power for the president to waive enforcement. And some American businesses that trade in the sweat of slave labor will lobby against the ban, arguing that the Chinese people will be hurt.

That argument could be countered easily: banning imports of slave labor plants and dollar exports to them would open jobs outside of prisons. Even arguing the point seems like pandering to hard-core hypocrisy. The ban is U.S. law. It remains only to enforce it — sorrowfully past time.

The New York Times

EUROBONDS

Too Many U
Cloud the F

CURRENCY R

Cross Rates

London	1.00
Paris	6.55
Frankfurt	1.36
Geneva	1.36
Basel	1.36
Brussels	1.36
Amsterdam	1.36
Stockholm	4.76
Copenhagen	4.76
Helsinki	4.76
Oslo	4.76
Stockholm	4.76
Copenhagen	4.76
Helsinki	4.76
Oslo	4.76

Other Dollar Values

Australia	1.49
Canada	0.71
France	6.55
Germany	1.36
Italy	1.36
Japan	163.60
Netherlands	1.36
Sweden	4.76
Switzerland	1.36
United Kingdom	1.00

Forward Rates

London	1.00
Paris	6.55
Frankfurt	1.36
Geneva	1.36
Basel	1.36
Brussels	1.36
Amsterdam	1.36
Stockholm	4.76
Copenhagen	4.76
Helsinki	4.76
Oslo	4.76

Last Week's

All figures are as of close of business

Stock Indexes

Dow Jones

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New International Bond Issues

Compiled by Lawrence Desobry

Issuer	Amount (\$ millions)	Mat.	Cou.	Price	Yield	Terms
Floating Rate Notes						
Dong Ah Construction & Industrial	\$100	1997	0.35	100	—	Over 6-month Libor, Redeemable at par in 1995. Fees 0.84%.
Belgium	DM 500	2000	1/4	100	—	Below 6-month Libor, Callable at par in 1992. Fees 0.15%.
Wachovia Building Society	£ 250	1994	1/16	100	—	Over 3-month Libor, Redeemable at par in 1992. Fees 0.10%.
Caixa Central de Cooperación Económica	SCU 200	2006	8.00	100.15	99.88	Interest will be the 3-month Libor, Callable at par in 1992 and redeemable at par in 2006. Fees 0.10%.
Public Power Corp. of Greece	¥ 16,000	1998	1/4	100	—	Over 6-month Libor, Callable and redeemable at par in 1995. Fees 0.40%.
Fixed-Coupon						
Samoa Australia	\$ 50	2000	9%	102	—	Callable at par in 1992. Fees 2%.
World Bank	\$1,500	1997	8%	100	99.87	Noncallable, Redeemable at par in 2000. Fees 0.30%.
European Coal & Steel Community	£ 60	2009	11%	100 1/2	—	Noncallable, Fees not disclosed.
Nationwide Anglo Building Society	£ 100	1994	13%	101 1/2	99.68	Noncallable, Fees 1.95%.
West Bank Finance	£ 50	1994	13%	101.60	99.98	Noncallable, Fees 1.95%.
Société Générale	FF 500	1995	zero	100%	—	Noncallable, Redemption amount at maturity may be at a premium, depending on the performance of the CAC-40 stock index.
Export Development Corp. of Canada	SCU 150	1991	11%	101.35	100.40	Noncallable, Fees 1%.
National Bank of Hungary	Sch 1,000	1997	9%	99.45	—	Noncallable, Fees 2.10%.
Banque Nationale de Paris	¥ 25,000	1995	7	101.85	—	Noncallable, Fees 1.95%.
C. Roh & Co. Int'l	¥ 10,000	1994	7 1/2	101 1/2	—	Noncallable, Fees 1.95%.
Leads Permanent Building Society	¥ 10,000	1993	7 1/2	101 1/2	—	Noncallable, Fees 1.95%.
Société Nationale des Chemins de Fer Français	¥ 30,000	2000	6 1/2	102	—	Noncallable, Fees 2%.
Vestergaard Kraftmølle	¥ 10,000	1993	7.20	101 1/2	—	Noncallable, Fees 1.95%.
Equity-Linked						
Nagase & Co.	\$ 200	1994	2 1/2	100	103.50	Noncallable, Each \$25,000 note with one warrant exercisable into company's shares at \$1.60 per share and of 145.50 yen per share.
Somick Musical Instruments Manufacturing	\$ 30	2004	1	100	100.00	Redeemable at 125.11 in 1995. Convertible after Sept. 1991 at \$3.575 per share.
Star Microelectronics	DM 100	1994	1 1/2	100	99.75	Noncallable, Each \$50,000 note with 5 warrants exercisable into company's shares at 2,560 yen per share.

U.S. Interest Rates Hinge on Japan And Yields in Foreign Markets

Compiled by Our Staff From Dispatches

NEW YORK — After a turbulent week marked by Donald Trump's bankruptcy filing and rising pressure on West German bond yields, investors were closely watching events in Japan and Germany for a clue on the direction of interest rates.

Richard Berner, a Salomon Brothers economist, said the market was keyed to Japan's election on Sunday. If the yen falls to rally on a widely expected victory by the ruling Liberal Democratic Party, the Bank of Japan could be obliged to raise its discount rate.

Mr. Berner said that rising German yields were a factor, too. "Higher overseas interest rates are going to continue to provide a floor for U.S. interest rates," he said.

"People say our markets have to go higher to attract capital," said Elizabeth Reiners, a vice president and money-market analyst for Dean Witter Reynolds Inc. A selloff in German bonds because of doubts about monetary union with East Germany has driven up their yields.

"Comments on Credit," a Salomon Brothers newsletter, said "the market here remains vulnerable to rising expectations of inflation

overseas and a potential battle for world savings."

Investors will be watching carefully next week when the Federal Reserve Board chairman, Alan Greenspan, testifies before Congress on the U.S. economy.

The least suggestion from him that the Fed is thinking of tightening credit to ward off inflation could spark a selloff, Ms. Reiners said.

Bond prices tend to go up when interest rates fall because the lower market rates improve the relative return on fixed-rate bonds.

One reason that the bond market ignored last week's U.S. trade and industrial figures, which would normally have been extremely bullish for fixed-income securities, was that investors were more preoccupied with the sharp decline in the dollar against the mark, which could discourage foreign investment in dollar-denominated securities.

The credit market is also concerned about the recent surge in overseas interest rates, which could also lure some foreign investment away from American securities.

In addition, there was the usual

caution that precedes an increase in the supply of Treasury paper.

On Tuesday, the Treasury plans to auction \$10 billion of two-year notes, which traded on a when-issued basis to yield 8.35 percent, up a basis point on the day.

The next day, \$8 billion of five-year notes are scheduled for sale and their yield also rose a basis point, or a hundredth of a percentage point, to 8.34 percent.

On Friday, yields on the outstanding 8 1/2 percent two-year and 8 1/2 percent five-year notes were unchanged at 8.31 percent each. Also unchanged were the long notes, the 8 1/2 percent issue due in the year 2000, which were offered at the close at 100 19/32, to yield 8.41 percent.

But the new benchmark Treasury long bonds, the 8 1/2 percent issue due in 2020, were offered at 100 14/32, or 2 1/2 percent, on the day, causing the yield to rise a basis point, to 8.46 percent. A week earlier, the yield on long bonds was 8.33 percent.

The main activity in the credit markets was a move by the Federal Reserve to draw reserves from the banking system through four-day matched sales.

(UPI, NYT)

U.S. Takes Control Of Franklin Savings

By Thomas C. Hayes

DALLAS — Franklin Savings Association, an unorthodox savings institution with \$11.4 billion in assets and close ties to Wall Street, has become the largest savings unit in U.S. government hands.

Federal regulators took control of Franklin, based in Ottawa, Kansas, on Friday. The Office of Thrift Supervision said Franklin's net worth would fall to a negative \$44.3 million after examiners forced the institution to make several accounting changes. One involved recording \$119 million in losses from futures trading that the savings unit had planned to write off over seven years.

Franklin, which reported \$359.9 million in capital at the end of 1989, is also likely to lose another \$185 million on zero-coupon bonds it issued in 1984, the government said. The institution, which lost money from operations in four of the last five quarters, was unable to raise fresh capital and had little prospect for recovery, said Marc Adams, a spokesman for the supervisory agency in Washington.

In its years of rapid growth, Franklin relied heavily on techniques designed to reduce the risk of loss from interest-rate fluctuations. It changed course after suffering losses in 1981 and 1982, when high interest rates hurt many savings institutions that made loans primarily to home buyers. Few of Franklin's current assets include home mortgages.

The analysis that led Franklin to adopt the interest-rate hedging techniques was developed by the institution with Wayne Angell, now a Federal Reserve governor in Washington.

Ernest M. Fleischer, an unassuming, analytical executive who built Franklin into the 25th largest U.S. savings institution, was removed from the chairman's post at Franklin as part of the government action. Many on Wall Street had considered Mr. Fleischer a visionary in designing financial instruments to reduce risks from interest-rate swings.

Trump on the Rocks: Junk-Bond Relationship Unravels

By Diana B. Henriques

New York Times Service

NEW YORK — Donald J. Trump's relationship with the junk-bond market, a major factor in his financial success, is on the rocks.

The prices of several of Mr. Trump's mortgage bonds have fallen so far in the past several months that Salomon Brothers Inc., the Wall Street bond house, recently advised its institutional clients to cut their losses and sell the bonds issued to finance Trump's Castle casino in Atlantic City.

Those unrated bonds were trading at 92 cents on the dollar at the end of January, when Salomon said "sell." The issues promptly tumbled to 82 percent of par, a price that would offer a yield to maturity of roughly 20 percent.

But the bonds are not a bargain yet, Salomon Brothers says.

In the next couple of months, the downside risk of these bonds is greater than the upside," said one Salomon executive. "There would be any news in the next few months to provide any reason for these bonds to go up."

While the tabloid press debates the details but are unable to decide whether to participate by the deadline date, Morgan's move effectively forces these banks to declare a yes or a no, putting at risk the other banking relationships with the companies involved in the transaction.

In other business, Michelin & Compagnie, the French tire manufacturer, is tapping the international market for \$1 billion using an unusual structure—a 15-year subordinated loan.

The equity owners of the resurrected Swedish Match are Morgan Capital Corp. with 25 percent; the U.K. subsidiary of Gillette, with 23 percent; and Swedish institutions, with the remainder.

If any deal could get done it was this one, bankers had been saying, and it could not get done there is no hope for trying to market—at least publicly—the leveraged loans that have stacked up waiting for this one to be completed.

"Key issues for banks have been their capacity for highly leveraged transactions in 1990 and the degree to which the repayments of senior debt is reliant on the proceeds from business disposals," the Morgan statement said.

The new Swedish Match's debt-to-equity ratio is 10 to 1, and in light of this heavy burden, interest on the loan is set at 2 percent above the London interbank offered rate.

Regardless of the company's financial position, all interest and the principal must be repaid at the final maturity.

The annual interest for the first five years is set at 5 1/2 percent above Libor. At the start of each of the following five years, holders will be asked to submit bids on the margin for the next five years. If no bids are submitted, Michelin is obliged to raise the rate to 90 basis points over Libor.

J.P. Morgan and Salomon Brothers Inc. have been mandated to arrange the placement.

Euromarkets At a Glance

U.S. 3-Month T-Bill 7.25%
U.S. 6-Month T-Bill 7.50%
U.S. 1-Year T-Bill 7.75%
U.S. 2-Year T-Bill 8.00%
U.S. 3-Year T-Bill 8.25%
U.S. 5-Year T-Bill 8.50%
U.S. 10-Year T-Bill 8.75%
U.S. 30-Year T-Bill 9.00%

U.S. 3-Month Eurodollar 7.25%
U.S. 6-Month Eurodollar 7.50%
U.S. 1-Year Eurodollar 7.75%
U.S. 2-Year Eurodollar 8.00%
U.S. 3-Year Eurodollar 8.25%
U.S. 5-Year Eurodollar 8.50%
U.S. 10-Year Eurodollar 8.75%
U.S. 30-Year Eurodollar 9.00%

U.S. 3-Month Euroyen 7.25%
U.S. 6-Month Euroyen 7.50%
U.S. 1-Year Euroyen 7.75%
U.S. 2-Year Euroyen 8.00%
U.S. 3-Year Euroyen 8.25%
U.S. 5-Year Euroyen 8.50%
U.S. 10-Year Euroyen 8.75%
U.S. 30-Year Euroyen 9.00%

U.S. 3-Month Eurosterling 7.25%
U.S. 6-Month Eurosterling 7.50%
U.S. 1-Year Eurosterling 7.75%
U.S. 2-Year Eurosterling 8.00%
U.S. 3-Year Eurosterling 8.25%
U.S. 5-Year Eurosterling 8.50%
U.S. 10-Year Eurosterling 8.75%
U.S. 30-Year Eurosterling 9.00%

U.S. 3-Month Eurofranc 7.25%
U.S. 6-Month Eurofranc 7.50%
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U.S. 3-Month Eurosterling 7.25%
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U.S. 3-Month Eurofranc 7.25%
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U.S. 3-Month Eurodollar 7.25%
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U.S. 3-Month Euroyen 7.25%
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U.S. 3-Month Eurosterling 7.25%
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U.S. 3-Month Eurofranc 7.25%
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U.S. 1-Year Eurofranc 7.75%
U.S. 2-Year Eurofranc 8.00%
U.S. 3-Year Eurofranc 8.25%
U.S. 5-Year Eurofranc 8.50%
U.S. 10-Year Eurofranc 8.75%
U.S. 30-Year Eurofranc 9.00%

U.S. 3-Month Eurodollar 7.25%
U.S. 6-Month Eurodollar 7.50%
U.S. 1-Year Eurodollar 7.75%
U.S. 2-Year Eurodollar 8.00%
U.S. 3-Year Eurodollar 8.25%
U.S. 5-Year Eurodollar 8.50%
U.S. 10-Year Eurodollar 8.75%
U.S. 30-Year Eurodollar 9.00%

U.S. 3-Month Euroyen 7.25%
U.S. 6-Month Euroyen 7.50%
U.S. 1-Year Euroyen 7.75%
U.S. 2-Year Euroyen 8.00%
U.S. 3-Year Euroyen 8.25%
U.S. 5-Year Euroyen 8.50%
U.S. 10-Year Euroyen 8.75%
U.S. 30-Year Euroyen 9.00%

U.S. 3-Month Eurosterling 7.25%
U.S. 6-Month Eurosterling 7.50%
U.S. 1-Year Eurosterling 7.75%
U.S. 2-Year Eurosterling 8.00%
U.S. 3-Year Eurosterling 8.25%
U.S. 5-Year Eurosterling 8.50%
U.S. 10-Year Eurosterling 8.75%
U.S. 30-Year Eurosterling 9.00%

U.S. 3-Month Eurofranc 7.25%
U.S. 6-Month Eurofranc 7.50%
U.S. 1-Year Eurofranc 7.75%
U.S. 2-Year Eurofranc 8.00%
U.S. 3-Year Eurofranc 8.25%
U.S. 5-Year Eurofranc 8.50%
U.S. 10-Year Eurofranc 8.75%
U.S. 30-Year Eurofranc 9.00%

U.S. 3-Month Eurodollar 7.25%
U.S. 6-Month Eurodollar 7.50%
U.S. 1-Year Eurodollar 7.75%
U.S. 2-Year Eurodollar 8.00%
U.S. 3-Year Eurodollar 8.25%
U.S. 5-Year Eurodollar 8.50%
U.S. 10-Year Eurodollar 8.75%
U.S. 30-Year Eurodollar 9.00%

U.S. 3-Month Euroyen 7.25%
U.S. 6-Month Euroyen 7.50%
U.S. 1-Year Euroyen 7.75%
U.S. 2-Year Euroyen 8.00%
U.S. 3-Year Euroyen 8.25%
U.S. 5-Year Euroyen 8.50%
U.S. 10-Year Euroyen 8.75%
U.S. 30-Year Euroyen 9.00%

No Relief for Leveraged Debt Gap

By Carl Gewirtz
International Herald Tribune

PARIS — Dealmakers hope that the international credit market would take up the slack left by the collapse of the junk-bond market in providing financing for highly leveraged corporate takeovers or buyouts were snuffed out last week.

This left banks unwilling holders of loans that they had underwritten in the expectation that they could be sold off and questioned the availability of credit to a narrowing circle of prime-rated borrowers.

The prospect of the syndicated loan market repeating last year's performance, when about \$56 billion of merger and acquisition-related finance was raised, was already not bright, since recent syndications have met only tepid response.

But news last week that syndication of a fully underwritten loan of \$409 million for the buyout of Swedish Match AB could not be completed as scheduled was widely interpreted as confirmation that the market for highly leveraged debt was not effectively closed.

J.P. Morgan & Co., which led the underwriting group, said it was arranging the syndication, and that it had indefinitely "extended the deadline" for seeking participants.

Morgan's original target had been to close syndication on Feb. 6 and subsequently prolonged the offering period for another week.

"Now it will close syndication as soon as sufficient commitments are obtained," Morgan added that it

was "optimistic that this process will be completed in several weeks."

The transaction took on a bellwether status because of the corporate names — and bank relations — associated with the deal: Gillette Co. of the United States, which was buying some of the assets and Stora Kopparbergs Bergslags AB of Sweden, which was selling the holdings including Swedish Match of Sweden and Wilkinson Sword Ltd. of Britain.

The equity owners of the resurrected Swedish Match are Morgan Capital Corp. with 25 percent; the U.K. subsidiary of Gillette, with 23 percent; and Swedish institutions, with the remainder.

If any deal could get done it was this one, bankers had been saying, and it could not get done there is no hope for trying to market—at least publicly—the leveraged loans that have stacked up waiting for this one to be completed.

"Key issues for banks have been their capacity for highly leveraged transactions in 1990 and the degree to which the repayments of senior debt is reliant on the proceeds from business disposals," the Morgan statement said.

The new Swedish Match's debt-to-equity ratio is 10 to 1, and in light of this heavy burden, interest on the loan is set at 2 percent above the London interbank offered rate.

EUROBONDS: Dollar's Course Is Tough to Chart

(Continued from first finance page)

of options. For investors, the paper was offered to yield 8 1/2 percent, 33.4 basis points above the yield on comparably dated U.S. paper.

This was four basis points below the spread on last week's 10-year global bond and widely demanded — which initially appeared to be seven times greater than the supply — was cut back.

The new paper ended the week trading at 36 1/2 basis points over Treasury bonds, while the outstanding issue ended the week at a spread of 40 1/2 basis points.

In the equity-linked market, the newest fund is the creation of closed-end investment companies dedicated to purchasing warrants on bonds issued by Japanese companies.

Until now, a \$150 million fund set up by Robert Fleming last year was the only such investment company. Last week, Schroders announced plans for a \$70 million fund and Morgan Stanley an-

nounced it was creating a \$75 million fund. Neither is expected to launch a \$100 million fund in March and the other Japanese houses will probably not be long in following.

All are pitched to institutional investors who either lack the in-house expertise to play the market or who cannot buy listed warrants but can invest in listed investment companies.

The shares in Fleming's fund had been trading at a premium of 18 percent over the net asset value before the announcement of the new companies and afterward fell to a premium of 6 1/2 percent.

In addition to the annual management fees, Fleming and Morgan Stanley will earn a performance fee of 10 percent of any gain in net asset value exceeding 25 percent. Given the highly leveraged nature of warrants, analysts noted that Tokyo stock prices only have to rise 9 percent for the banks to earn the performance fee.

"I think the price discovery mechanism of our futures markets could prove very valuable to them in reshaping their economy," Mr. Mahlmann said Friday in a statement.

The Soviet delegation was headed by Valentin Vologzhen, chairman of the committee for economic change of the Supreme Soviet. The economists, guests of the Small Business Administration, are on a two-week tour of the United States.

The economists agreed to set up a forum in Moscow this year for the board chairman, Karsten Mahlmann, to present a proposal for an educational exchange program to study futures markets.

Soviets Intrigued by Futures

The Associated Press
CHICAGO — A Soviet delegation of economists agreed to an initial step that could lead to establishing futures markets in their country, the Chicago Board of Trade has announced.

The economists agreed to set up a forum in Moscow this year for the board chairman, Karsten Mahlmann, to present a proposal for an educational exchange program to study futures markets.

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OTC Consolidated trading for week ended Friday, February 18

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(Continued on next page)

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U.S. May Back Entry Of Taiwan Into GATT

By Jim Mann
Los Angeles Times Service

WASHINGTON — The Bush administration has indicated that it is seriously considering a request by Taiwan to join the world's leading trading organization, despite outraged protests by China.

Many believe that U.S. support for such a move would contradict nearly two decades of understanding between Washington and Beijing.

In an official statement issued late Friday, the State Department said it was "studying carefully" a recent application by Taiwan for membership in the Geneva-based General Agreement on Tariffs and Trade, the 97-nation compact that administers global trading rules.

"Given Taiwan's importance in the global trading system, we look forward to the eventual inclusion of Taiwan, on appropriate terms of

membership, in the GATT," the State Department said. Administration officials point out that Taiwan has now become the fifth-largest trading partner of the United States.

Supporting Taiwan's effort to join GATT would go further than any other move by the United States in the past decade toward giving official recognition and status to Taiwan, which China considers to be a renegade province.

In early January, Taiwan filed a new application to join GATT — not as an independent country, but as a "customs union." GATT has granted membership to other customs unions, including Hong Kong, even though it is still a British colony. U.S. sources said that there was a chance the administration would decide to endorse Taiwan's request because of its growing economic power.

Dollar Gains Popularity As Currency in Argentina

By Jim Mann
Los Angeles Times Service

BUENOS AIRES — The dollar is quickly becoming Argentina's main trading currency, since hyperinflation has rendered the austral useless for everything but everyday shopping.

"All industry and business has ceased to quote prices in australes and is giving them in dollars," said Gustavo Ochoa, an economist. "The economy has converted to the dollar."

"No one wants to hold any australes," said Enrique Szewach, chief economist for the Latin American Research Foundation. The austral fell 29 percent against the U.S. currency last week, from 2,860 at Monday's opening to 4,030 at Friday's close, traders said. Since the start of the year, it has plunged 51.25 percent against the dollar.

Businessmen complain that the dollar remains their only point of reference to fix the value of their products.

"Some manufacturers not only quote their prices in dollars, but also demand payment in the U.S. currency," said Osvaldo Coriade, head of the Small Business Chamber.

President Carlos Menem's seven-month-old government's latest offensive against inflation has been the drawing up of a social pact that commits business, trade unions and political parties to form commissions to coordinate economic policy.

The government has reported a 50 percent fall in sales and says 32 percent of the population is either unemployed or has part-time work.

WORLD STOCKS IN REVIEW

By Jim Mann
Los Angeles Times Service

Amsterdam

Stock prices spent most of last week recovering from a drop of 1 percent on Monday. At the end of the week, the CBS all-share index stood at 194.3, up from 193.4 the previous Friday.

The absence of company news kept volume low. Total volume reached 8.5 billion guilders, up from 8.2 billion a week earlier. Equity trading totaled 2.9 billion guilders, against 3.5 billion the previous Friday.

In the short term, the market will focus on news from talks on German monetary union, so a wait-and-see attitude will prevail, according to Kempen & Co.

The West German stock market, previously unaffected by the depressed bond market, was underlain last week by poor bond performance but nonetheless ended slightly higher.

Discussion of the financial cost to Bonn of German reunification also weighed on share prices and made investors, particularly foreign buyers, more cautious. But the market ended the week higher on a technical correction and several strong foreign purchases.

The DAX index closed seven points higher for the week, at 1,893.66 points, but the Commerzbank index lost 10.8 points to finish at 2,308.2. Volume on West Germany's eight stock exchanges was sharply down, at 47.04 billion Deutsche marks, compared with 70.18 billion DM the previous week.

The Hong Kong market managed some gains toward the end of the week, as overseas bargain hunters entered the fray Thursday.

The Hang Seng Index rose 45.35 points, or 1.6 percent, for the week to close at 2,939.25 on Friday. Average daily volume shrank to 874 million Hong Kong dollars from the previous week's 1.18 billion dollars.

Dealers said a good showing in the week's final two sessions was made partly because many Hong Kong stocks still looked cheap.

The Paris Bourse had a tough week, partly because of continuing tensions on interest rates and the issue of German reunification, and partly because of problems at Source Perrier SA, which led the company to recall all its bottled water from world markets.

Prior to the week, the average of 1.6 percent during the week. Analysts said that worries about German reunification were based on the fact that nobody could evaluate the cost of such a development.

Experts say a drop in interest rates, looked for over the past several months, now seems far in the future, a fact that depresses the bourse.

Trading slowed throughout the week in Singapore before share prices closed broadly firmer at the end of the week.

The Straits Times index ended the week 3.25 points up from the previous week, at 1,584.77. The broader market indicator, the SSES all-Singapore index, ended 135 points higher at 4,401.17.

Share prices rose moderately, boosted by opinion polls published Thursday indicating the governing Liberal Democratic Party would retain its majority in lower house elections on Sunday.

The Nikkei Stock Average of 225 stocks ended the week Friday at 37,460.32 yen, for a 172.18 yen weekly rise. The average had fallen 362 yen the previous week.

The Tokyo Stock Price Index of all stocks listed on the market's first section gained 11.88 points to end the week at 2,746.05.

The Zurich bourse had a steady week, but volume was light, operators said, and investors were cautious before the release of a number of earnings reports.

The Swiss Performance Index closed at 1,127.5, against 1,127.1 the previous Friday. The Credit Suisse index finished at 616.4, against 615.1, and the Swiss Bank Corp. indicator closed unchanged at 655.6.

Prices were held back by uncertainties about future developments in East European countries.

Vuitton Pirate Fined in Seoul

Agence France-Press

SEOUL — A civil court has ordered a luggage manufacturer to pay 10 million won (\$14,000) for stealing the renowned trademark of the French Vuitton line.

Senior Judge Kim Dae Hwan also ordered the luggage maker, Rah Won Suh, to apologize to Vuitton through newspaper ads. It was the first time that a counterfeit had been ordered to pay compensation by a civil court and make a public apology.

Counterfeiters in South Korea are known to pirate at least 60 well-known foreign trademarks. According to the government patent office, 788 cases were prosecuted in 1989.

The chips are made of a semiconductor compound called gallium arsenide, which allows circuits to run far faster than silicon.

"We now believe there are no longer any technological show-stoppers," said Neil Davenport, the president of Cray Computer and began anew in the Colorado Springs hills, he has produced a breakthrough in efforts to design the next generation of the world's fastest computers, known as supercomputers.

Executives of the new company, Cray Computer Corp., said that in the past six months they had overcome the last major obstacles to making the computers in volume and more easily repairing them.

Skeptics had contended that the chips at the core of the new machines would be too difficult to produce in volume.

The chips are made of a semiconductor compound called gallium arsenide, which allows circuits to run far faster than silicon.

Seymour Cray's Computer Moves Ahead

By John Markoff
New York Times Service

COLORADO SPRINGS, Colorado — Nine months after the brilliant and reclusive Seymour Cray split from the company he founded and began anew in the Colorado Springs hills, he has produced a breakthrough in efforts to design the next generation of the world's fastest computers, known as supercomputers.

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For one thing, Cray's new computer faces significant challenges from a machine being developed by Cray Research, the world's leading supercomputer maker. Cray Research is relying on the more widely accepted chip made of silicon.

Mr. Cray, 64, must also be on guard against a former protégé, Steve S. Chen, who broke with

Cray to form his own company and has since been backed by International Business Machines Corp.

Moreover, he must take on competitors such as Thinking Machines Inc., that have turned to new techniques like looking together hundreds or thousands of computers to exceed the limits of machines like Mr. Cray's.

Finally, there is the threat of Japanese electronics giants like Hitachi, Fujitsu and NEC, which badly want to become major players in the supercomputer market.

Given Mr. Cray's track record of building the world's fastest computers throughout a computer design career that has spanned more than three decades, Cray Computer's progress is being closely watched not only by competitors but also by the government and corporate customers that use the machines.

Today the combined value of the company's stock and the spin-off unit has risen to \$85 a share, up from \$53 a share before.

The company was not under any pressure to restructure, and took those steps voluntarily, according to John P. Neasey, an executive vice president at Sun.

"You only get pressure externally if the shareholders are not satisfied," he said.

Such actions by companies like Sun are exactly the sort of response proposed in a new book written by several executives of McKinsey & Co., a consulting firm, and published by John Wiley & Sons. "Valuation" is a "how-to" guide for corporate executives who want to get at the unrealized stockholder value trapped in public companies before hostile acquirers do it for them.

Borrowing a central tenet of the leveraged buyout movement, the authors tell readers that businesses should be evaluated on the basis of the cash they generate rather than a company's earnings, which may be distorted by accounting gimmicks.

But so far, conceded Tom Copeland, a co-author and McKinsey partner, this gospel has yet to catch on. Of the 500 leading companies surveyed by the firm a year ago, Mr. Copeland said, fewer than 20 were found to be following the lessons in the book.

"There is definitely a relationship between the threat of being taken over and the incentive to change," he said. "If you take the external force away, it reduces the incentive."

DREXEL: Relief in U.S. Boardrooms, but New Concerns on Wall Street

(Continued from page 1)

compared with 15 in the same period last year.

As the junk-bond market deteriorated, so did Drexel's fortunes. Unable to fund its increasingly illiquid inventory of bonds with short-term paper, it suffered a financial crisis that culminated in an announcement last Tuesday that it was filing a bankruptcy petition for its holding company and gradually liquidating the remainder of the firm.

That ended its role as the chief backer of corporate takeovers. Other factors have also allowed

corporate executives to breathe easier. Banks have become more cautious about financing highly leveraged deals, and bank regulators have left little doubt that they encourage this new-found conservatism.

At the same time, the U.S. political and legal environment has grown much less hospitable to debt-financed takeovers. Congress has moved to curtail the interest deductibility on certain types of debt, and many state legislatures have passed laws to discourage raiders from sniffing around companies within their borders.

In the past two years alone, for

instance, 23 states have passed laws enabling boards to take the interests of constituencies other than stockholders, like employees, suppliers and local communities, into consideration when making decisions about takeovers.

"Companies are batten down the hatches in every direction," said Roland M. Machold, who oversees the pension funds of New Jersey public employees. "There's a very strong corporate movement to discourage shareholder activism."

With so many of the forces that kept management's foot to the fire in the 1980s now in retreat, academics and policymakers are searching for new catalysts for change.

There will undoubtedly be some corporate acquisitions, and not just friendly ones. However, in light of the current credit squeeze, Wall Street deal makers doubt that there will be enough of them to make as powerful a force for change as the hostile takeover.

Some academics and consultants argue that corporate executives have already taken to heart many of the lessons of the raider-prone 1980s and are prepared to take the same steps to boost the acquirers' own stock prices.

For instance, Sun Co., an energy-resources company in Radnor, Pennsylvania, has spent more than \$1 billion to buy back about 25 percent of its stock outstanding. It sold a number of refineries that the market had not valued highly enough, and in 1988 it spun off to its stockholders an exploration and production subsidiary.

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IRS: Japanese Are Under Scrutiny

(Continued from first finance page)

Carolina Republican, have expressed concern that foreign-owned companies are paying lower taxes than U.S.-owned companies with similar sales.

"That is wrong, and we've got to do something to turn it around," Mr. Gephardt said.

Mr. Helms asserted that the disparities gave foreign-owned companies an unfair competitive edge.

James E. Wheeler, a professor of accounting at the University of Michigan in Ann Arbor, who worked for the IRS while on sabbatical leave in 1986-87, said: "On the average, foreign-owned U.S. corporations pay substantially less tax to the U.S. government than the American firms with which they compete."

They also report lower profits. "The extremely low rate of return on the assets of U.S. companies owned by foreign corporations is astonishing and unbelievable," Mr. Wheeler said. "In my view, they are just trying to avoid U.S. income tax."

Japanese executives, lawyers and accountants say Japanese companies are often willing to accept low profits for a decade or more while they try to gain a foothold in the U.S. market. But U.S. officials say the subsidiaries of Japanese companies continue reporting low profits long after they have gained a secure position.

As part of its investigation, the

IRS has retained an economist to collect information in Japan on taxes paid by Japanese companies that do business in the United States. The economist, Kozo Yamamura, is a professor at the University of Washington in Seattle and has edited an important study of Japanese investment in this country.

In a typical case, the federal government asserted in the early 1980s that Toyota Motor Corp. in Japan had records needed by the IRS.

Federal auditors issued a summons for huge amounts of confidential business data kept at Toyota's Japanese headquarters.

Toyota fought the summons. The case ended in 1987, when Toyota's American sales unit was reported to have paid an undisclosed amount of additional taxes.

Michael F. Patton, an international tax lawyer who used to work at the IRS and now works at Ernst & Young, the accounting firm, said: "The new law puts a lot of power in the hands of IRS agents. If they conclude that a foreign-owned company has not complied with a request for information, they can make an arbitrary assessment of taxes."

Under the law, if the tax agency requests records and a foreign-owned company fails to produce them, the government can levy taxes solely on the basis of information available to the IRS, without regard to data that might later be supplied by the taxpayer.

GIVING: Japanese Polish Image

(Continued from first finance page)

ing to Craig Smith, editor and publisher of Corporate Philanthropy Report, a Seattle newsletter.

Until now, corporate donations had to be cleared by headquarters in Tokyo. They were typically a hard sell because corporate philanthropy is not practiced in Japan, where the government takes care of social and charitable needs.

"Volunteerism is a uniquely American concept unfamiliar to most Japanese as well as other for-

eigners," said Taketaro Kotani, president of NYK Lines North America Inc.

Helping companies in Japan learn about American-style corporate philanthropy is Japan's powerful Federation of Economic Organizations, Its Council for Better Corporate Citizenship — until recently the Council for Better Investment in the United States — helps Japanese companies become acquainted with regional U.S. practices and cultures.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, February 16.

(Continued)

Sales in 100s	High	Low	Close	Chg	Net
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00

Sales in 100s	High	Low	Close	Chg	Net
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00
Unilever	1.00	1.00	1.00	0.00	0.00

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(Continued From Back Page)

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ZURICH SUSAN

MONDAY SPORTS

Norman Trumps Faldo To Win 6th Australian Masters by 2 Strokes

MELBOURNE — Greg Norman of Australia overcame third-round leader Nick Faldo of Britain to win his sixth title in the 12-year-old Australian Masters tournament by two strokes on Sunday.

GOLF

Norman finished the four rounds over the Huntingdale course with a 19-under-par 273 after a closing round of 68. Faldo, the leader by two strokes going into the final round, shot 72 to finish in a three-way tie for second with Mike Clay.

Faldo had been playing down the head-to-head contest over the final two days, but Norman admitted that he had regarded Faldo as his only threat.

"I really never thought of anyone else in the tournament except Nick," Norman said. "He just gives you no quarter, but that's great because then you've got to do it yourself."

Norman also announced that he had resigned from the Australian Professional Golf Association Tour because he could not commit himself to play the required seven tournaments in Australia.

"They asked me about it and I said I couldn't, so that's why I decided not to stay as a member," he said. "But I'll still play my three or four or five [invitational] events."

Scot Wins 6-Man Playoff

The first six-man playoff in European PGA Tour history left Stephen McAlister of Scotland the surprise winner of the Atlantic Open on Sunday in Oporto, Portugal. Reuters reported.

Battling strong winds and rain as well as his opponents, McAlister holed a 15-foot (4.5-meter) putt at the short 17th on his way to a 74 and a four-round 238. That placed him in an even-par tie with fellow

British golfers Ronan Rafferty, Richard Boxall, David Williams and Stephen Hamill, and Denmark's Anders Sorensen. Rafferty, who topped last year's European earnings list, seemed a favorite to win the playoff. But McAlister was the only man to make a par 4 at the first playoff hole. It was his first four victory.

Rafferty bunkered his second shot and knocked his recovery into more sand. Boxall three-putted and Williams, Hamill and Sorensen each took three to reach the green. McAlister was also short with a drive and three wood, but sank a 15-foot putt for his four.

Ron Stetten of the United States, who had taken a two-shot lead Saturday, carded 80 and was tied for seventh place. He failed to gain the playoff when he bogeyed the last hole. It was his eighth bogey of the round.

Forstman Leads Shearson Blustery winds also hampered the Shearson Lehman Hutton Open in La Jolla, California, where Dan Forstman took a third-round lead Saturday with a par 72. The Associated Press reported.

With gusts of more than 40 mph (65 kph) and occasional rain, Forstman outlasted the other struggling contenders to establish a two-stroke lead at 203, 13 under par on the South course at Torrey Pines.

"A very tough day," he said after ending the round with a birdie before only a handful of huddled, wind-whipped spectators. "When it gets like this, it's not fun. It's just a survival test."

Tommy Armour III, who had won his first U.S. PGA Tour victory in the Phoenix Open in Arizona three weeks ago, clung to second at 205 after a round of 75.

Mark O'Meara moved into contention with a 67, the best round of the day by four strokes. He did not make a bogey and vaulted over 28 players into a tie for fourth going into the final round.

Bob Eastwood, who led or shared the lead through 36 holes, ballooned to 76—11 shots higher than either of his first two rounds—and 206. He recalled the second hole, where "I hit a good putt. It looked like it was going to be the right by the hole. All of a sudden it was 10 feet away. I stroked the next one and I look up and it's coming right back at me."



Captain Will Carling dived under the attempted tackle by Mark Titley of Wales to score England's first try in the historic 34-6 triumph.

England's Renaissance, France's Crisis

By Bob Donahue

International Herald Tribune

PARIS — Amazing score: England 34, Wales 6. It looked easy. England could have won by more. Startling score: Scotland 21, France 0. What's going on here?

What's going on, first, is an English rugby renaissance built on reforms in England's ancient establishment in the late 1980s. And second, a foreseeable French crisis as the team that dominated Europe in the '80s goes stale.

What may also be going on—but it remains to be confirmed—is a durable Welsh regression to third-rate status and durable Scottish progress upward. Answers may come when Scotland plays Wales in Cardiff on March 3 and, especially, when England plays Scotland in Edinburgh on March 17.

A dominant image on Saturday was Rory Underwood and Jeremy Guscott larking up the middle of the field with energy to spare for chitchat. "Look out, Rory," the

center seemed to be saying as he pointed rightward, "the Welsh full-back is charging up behind us." "Not to worry," the wing seemed to reply, "and if you think I'm going to pass you the ball you're daft."

Underwood finished with a theatrical dive across the goal line that was unnecessary but joyous. Or there was Brian Moore, a mere forward racing along between

two backs and transmitting from one to the other with a cool legidom that few centers could bring off. Richard Hill, England's revelation at scrum-half, got the try.

Less flashy was expert might in the scrums, and the predatory teamwork of Moore and friends in the loose. "They were lighting to the ball," Hill said. A London wing, Stephen Jones, put it well on Sunday: "Moore and his pack simply thundered onto [the ball] in a machine-gun burst of flying bodies. It was wonderful to watch."

Fullback Simon Hodgkinson kicked 18 points, which gives him 74 in five matches. England had a 16-0 lead at halftime, and the score was 25-0 before the first Welsh points.

It was more than just a good time being had by all Englishmen; it was historic rugby. Never before, in a series dating back to 1881 and now numbering 96 matches, had England scored more than 25 points against Wales. In the 30 years starting in 1961, England has had only six victories over Wales.

The 28-point loss was Wales's biggest ever against a Five Nations opponent. And England has 11 tries this year in just three matches, after averaging 4.4 in four matches in the '80s and '70s. The last time England managed 11 tries in four Five Nations matches was in 1953.

So the 1990s, scarcely begun, are already something different. The Scottish result also recalled some old dates. The last time Scotland beat France by 21 points was

in 1925. France's combined losing margin in two matches, 40 points against England and Scotland, is its biggest in successive Five Nations matches since 1914.

Some Frenchmen blame the Edinburgh debacle on the expulsion, 10 minutes into the second half, of flanker Alain Carminati, which forced France to play 30-plus minutes with only 14 men. Another excuse was the wind, which gusts in Scotland's favor in the first half but died down in the second when the French expected to benefit from it.

Sure, but the Scots looked better. So often, one or more did just the right thing. There was flyhalf Craig Chalmers closing in on Pierre Hostas to prevent what should have been a French try. There was the pressure that slowed delivery of the ball to Didier Camberbero, then forced him to rush—and botch—an attempted drop goal.

There was Iwan Tukalo's try through two tackles—one by a 6-foot, 6-inch (1.98-meter) lock. There was the omnipresence of the flankers, John Jeffrey and Finlay Calder.

Chalmers, 21, was Scotland's outstanding player despite being the youngest man on the field. The next youngest, flanker Jean-Marc Lhermet, 22, was France's best. Yet the lethal Scottish loose forwards are all in their 30s. The Scots have a balance that France has lost.

Carminati pleaded not guilty. His foot and the left side of Jeffrey's head just accidentally met, he said. "He was hanging on to my leg," Sunday, a Five Nations disciplinary panel suspended Carminati from all rugby until Sept. 17.

A French television commentator insinuated that the English had reapointed Fred Howard with a view to nabbing Frenchmen. Howard expelled a Welsh lock, Kevin Moseley, for stamping on a Frenchman in Cardiff on Jan. 20. It has become rare for a European referee to handle two Five Nations matches in the same year.

More likely, the English wanted to have their best referee at the Edinburgh match, which had been expected to be a Five Nations high point. In 1984, when Scotland and France were going for the title, the performance of a new Welsh referee left bad feeling in the French camp that persists to this day.

French rugby would do better to take English and Scottish lessons, after deservingly giving French lessons for seven years. There was unintended symbolism, along with a refreshing touch of humor, in the attire of Antoine Galtier, the French physiotherapist cum water boy. Instead of the customary track suit, he wore a kilt.

In the unofficial world standings, Scotland rises to third place. France drops from third to fifth. Wales, which ranked second in the world in the '70s and spent the '80s in the middle of the table, slips on down to the bottom.

Rugby's Big Eight

Team	W	D	L	Points
1. New Zealand	9	1	0	44
2. England	7	1	2	22
3. Scotland	5	1	4	19
4. Australia	5	1	4	19
5. France	4	0	6	20
6. Argentina	2	1	7	6
7. Ireland	1	0	9	10
8. Wales	1	0	9	7

Next 18 tests among the eight

First half: Penalty goal by English fullback Simon Hodgkinson. Try by English center Will Carling, converted by Hodgkinson. Try by English left wing Rory Underwood.

Second half: Penalty goal by Hodgkinson. Try by Welsh flanker Phil Davies, converted by fullback Paul Thurnham. Try by English scrum-half Richard Hill, converted by Hodgkinson. Penalty goal by Hodgkinson.

Scotland 21, France 0

First half: Penalty goal by fullback Gavin Hastings.

Second half: Penalty goal by flyhalf Craig Chalmers. Try by flanker Finlay Calder, converted by fullback Iwan Tukalo. Try by left wing Iwan Tukalo, converted by Chalmers. Penalty goal by Chalmers.

Next tests (March 3)

Wales-Scotland, France-Ireland

SIDELINES

Senna-FISA Feud Erupts Again

PARIS (AFP) — The Ayrton Senna affair, which appeared to have ended Friday, was reopened Sunday when the president of the International Automobile Sport Federation (FISA) hinted that the Brazilian driver, with whom he has been feuding for months, might not be allowed to compete in 1990 Formula One races after all.

Jean-Marie Balestre said in a statement that Senna had apparently violated an agreement to make no statement that might conflict with Friday's official FISA communiqué, which listed Senna as a driver for the McLaren-Honda team after a letter of apology had been received by FISA.

Senna said later in São Paulo that "I didn't actually send the letter of apology to Jean-Marie Balestre until after FISA had released the list of drivers." He also suggested that the McLaren team, rather than he, had paid the \$100,000 fine imposed after his disqualification from the 1989 Japanese Grand Prix.

"FISA has published the official list of drivers in the world championship, but as of today, has not delivered the licenses," Balestre said Sunday. "Only the holding of a superlicense allows a driver to participate."

WBC's Sulaiman Said Set to Resign

NEW YORK (NYT) — José Sulaiman, the World Boxing Council president, is reportedly ready to resign because of the controversy surrounding the Mike Tyson-Buster Douglas fight.

A World Boxing Council source said Saturday that Sulaiman would submit his resignation at a meeting of the organization Wednesday in Mexico City. But Sulaiman's wife, Martha Saldivar de Sulaiman, told The Associated Press that her husband had "no plans to resign the position he has held for more than a decade."

She said Sulaiman was hospitalized Friday with an inflammation of the pancreas but would be released in a few days.

Sulaiman has said he was embarrassed by the situation following the Douglas-Tyson fight, when both the WBC and World Boxing Association withheld recognition of Douglas's victory pending a review of a long-count protest from Don King, Tyson's promoter and adviser.

Douglas: 2 More

LONDON (UPI) — James (Buster) Douglas has said he plans to fight challenger Evander Holyfield and Mike Tyson — and then retire.

Douglas, speaking Saturday on the British Broadcasting Corporation's sports show "Grandstand," ruled out matches with British heavyweights Frank Bruno and Gary Mason.

There are only two fights for James (Buster) Douglas — Evander Holyfield and Mike Tyson — and then I will get out of boxing," Douglas said from his home in Columbus, Ohio.

Speaking on NBC's "Sports Update" program Sunday, Douglas said he will face Holyfield in September, and will make Tyson wait a year for a rematch.

NCAA Charges Illini With Violations

CHAMPAIGN, Ill. (AP) — The University of Illinois offered basketball recruits incentives, including cash, a car and athletic equipment, the NCAA has charged in a letter released by school officials.

"It appears reasonable to expect that the NCAA Committee on Infractions will find violations... concerning these matters," the NCAA letter said Friday. The case could come before the committee in April.

Punishment could range from a reprimand to the so-called "death penalty," barring basketball competition for a specified period of time. This penalty can be imposed if it is found that serious violations occurred because Illinois has been guilty of other NCAA infractions in the past five years. It was cited for football recruiting violations in 1984 and in 1988.

For the Record

Alexander Moghily, who defected from the Soviet Union to the NHL Buffalo Sabres last May, will seek professional counseling for his fear of flying, the team announced. He missed five games in January with what the team said was a stomach ailment exacerbated by his fear of flying. (AP)

The National Football League reluctantly agreed Friday to allow college juniors to enter the pro football annual draft, but qualified the change in policy by also ruling that any underclassman who does apply for the draft must accompany his application with an affidavit that irrevocably renounces his remaining college eligibility. (NYT)

Pete Rose has agreed to do daily three-minute daily commentaries and a once-a-week interview with a sports broadcaster on radio station WKYC-AM in Cincinnati, starting March 19 and continuing through the World Series. (AP)

Sepp Piontek of West Germany, who had coached the Danish national soccer team for 11 years, is to sign a contract Monday to coach the Turkish national team. (AP)

76ers-Sonics in Overtime: 5 Minutes, 4 Points

The Associated Press

SEATTLE — The Philadelphia 76ers and Seattle SuperSonics put in five minutes of overtime, but there wasn't any additional wear and tear on the baskets.

It was the lowest-scoring extra period in National Basketball Association history: Four free throws accounted for all the scoring as the 76ers beat the Sonics, 100-96, on Friday night.

"There wasn't a lot of open shots for either team," said the 76ers' coach, Jim Lynam.

Rick Mahorn scored the first points of overtime with a 1:38 left and Johnny Dawkins ensured victory with seven seconds to play.

The NBA's previous lowest-scoring overtime was six points, three each by Philadelphia and the Washington Bullets on Nov. 15, 1975. And this was only the third time since the advent of the 24-second clock in 1954 that a team had been shut out

in overtime. The Houston Rockets were blanked by the Portland Trail Blazers on Jan. 22, 1983, and the Los Angeles Lakers were beat, 11-0, by the Detroit Pistons last Dec. 1.

The 76ers were zero for six with their shots and the Sonics were zero for eight in overtime. Seven of the Sonics' missed shots were taken by Xavier McDaniel, who led his team with 25 points.

"I had good opportunities, but the balls just rolled out," McDaniel said. "It wasn't anything Philadelphia did, because we got good shots."

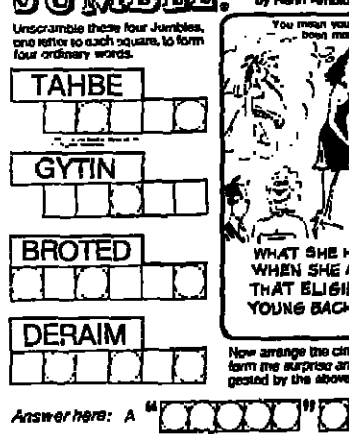
The Sonics had a four-point lead with a minute left in regulation, and still had a 96-94 edge and the ball with 22 seconds left. But Mahorn deflected the inbound pass and Derek Smith forced the overtime with a layup with six seconds to go.

"Our strategy was to foul," Dawkins said, "but the pass was deflected and Derek made the big basket."

DENNIS THE MENACE

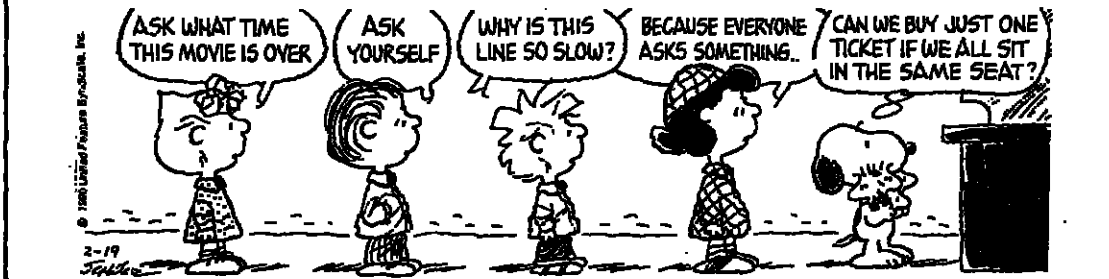


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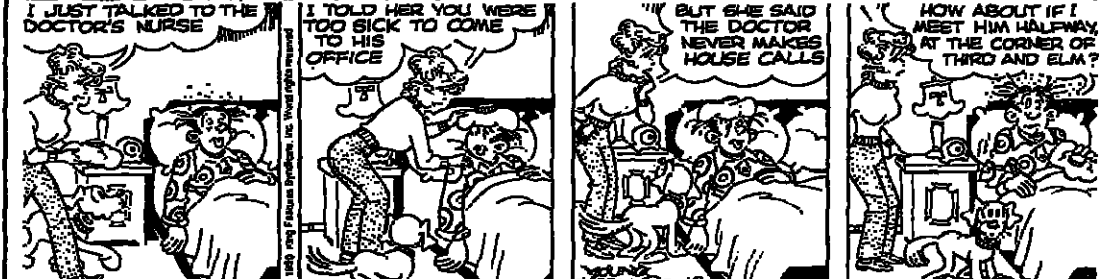


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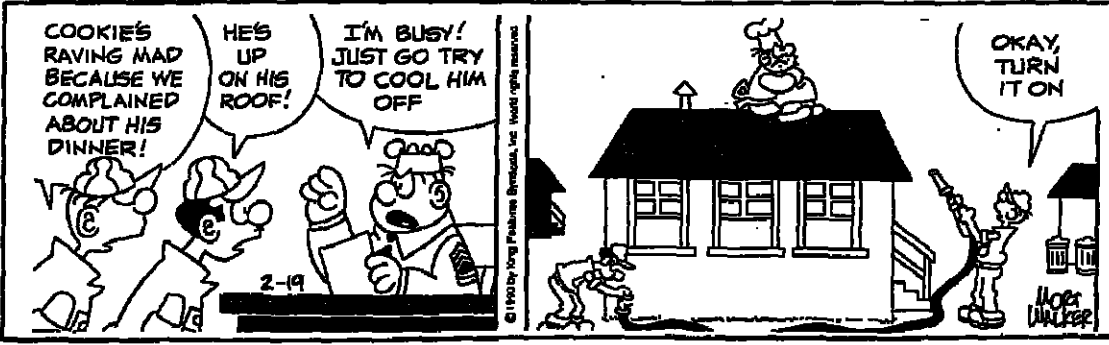
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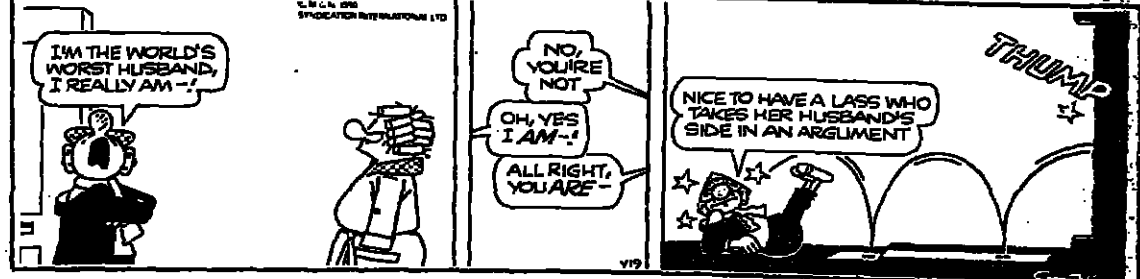
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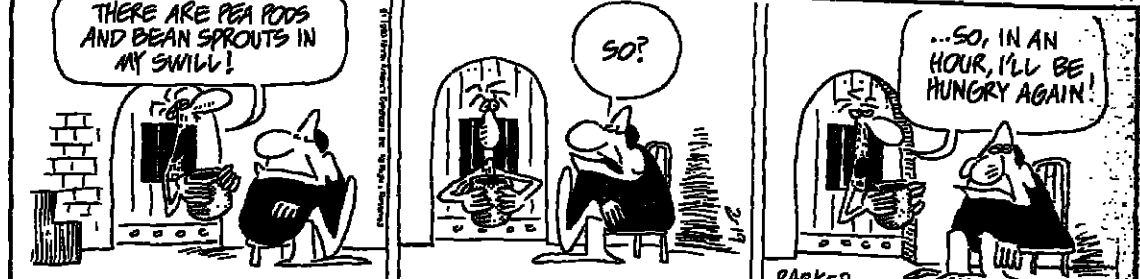
DOONESBURY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



SCOREBOARD

Team	W	L	T	Pts
1. New Zealand	9	1	0	44
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3. Scotland	5	1	4	19
4. Australia	5	1	4	19
5. France	4	0	6	20
6. Argentina	2	1	7	6
7. Ireland	1	0	9	10
8. Wales	1	0	9	7

